

# **GOVERNOR ENGLER'S FY 2000-01 BUDGET**

## **SUMMARY AND ANALYSIS OF MAJOR RECOMMENDATIONS**



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SENATE FISCAL AGENCY  
February 4, 2000**

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# OVERVIEW

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# OVERVIEW

Governor Engler on January 27, 2000, transmitted his fiscal year (FY) 2000-01 State Budget Message to the Legislature. The Governor's FY 2000-01 budget contains recommendations to provide for \$35.9 billion of Adjusted Gross appropriations. Included in this \$35.9 billion of Adjusted Gross appropriations are \$9.6 billion of Federal funds, \$1.1 billion of local and private funds, \$15.6 billion of State restricted funds, and \$9.6 billion of General Fund/General Purpose (GF/GP) appropriations. Table 1 and Figure A provide summaries of the overall makeup of the FY 2000-01 appropriations as recommended by the Governor.

Tables 2-4 and Figures B-D provide department-by-department detail of the Governor's appropriation requests for FY 2000-01 compared with FY 1999-2000 year-to-date appropriations. The tables and figures present appropriation data in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations. Adjusted Gross appropriations are defined as total appropriations of each department less funds transferred in from other departments. State Spending from State Resources appropriations are defined as Adjusted Gross appropriations less Federal, local, and private funds. General Fund/General Purpose appropriations are the residual unrestricted portion of the budget over which the Governor and the Legislature have the most flexibility in establishing appropriation policy. The Governor's FY 2000-01 budget proposes a 3.8% increase in Adjusted Gross appropriations, a 4.4% increase in State Spending from State Resources appropriations, and a 4.4% increase in GF/GP appropriations.

The Governor's FY 2000-01 State Budget Message is developed based on consensus revenue estimates reached on January 13, 2000. These consensus revenue estimates are the basis of the appropriation and tax policy changes contained in the budget. Excluding any beginning balances, the FY 2000-01 GF/GP consensus revenue estimate provides for \$68.7 million or 0.7% growth over the FY 1999-2000 estimate. Excluding any beginning balances, the FY 2000-01 School Aid Fund (SAF) consensus revenue estimate provides for \$369.0 million or 3.8% growth. These revenue estimates do not include the impact of proposed tax policy changes that are recommended by the Governor in his overall budget recommendations.

## SUMMARY OF MAJOR CHANGES FOR FY 2000-01

The Governor's FY 2000-01 budget proposal marks the 10<sup>th</sup> State budget that Governor Engler has transmitted to the Legislature. The first four of the budgets recommended by the Governor can be characterized by restrained growth in GF/GP appropriations to ensure that available revenues and expenditures were in balance. The next five State budgets recommended by the Governor contained inflationary-type increases in overall GF/GP appropriations coupled with the phase-in of a wide variety of State tax reductions. The Governor's FY 2000-01 budget recommendation is in many ways different from prior recommendations made to the Legislature. The FY 2000-01 budget continues the recent trends of recommending further State tax reductions, but this budget recommendation contains larger percentage appropriation increases than were contained in recent budget recommendations. The strong economic performance of the State has resulted in a budget recommendation that allows for the funding of both additional State tax reductions and appropriation growth significantly above the projected rate of inflation.

As previously stated, the Governor's FY 2000-01 budget is built on assumptions as to the level of revenues available to support appropriations. Table 5 provides a summary of the amount of additional GF/GP revenues that will be available to support the Governor's FY 2000-01 budget recommendations. Based on current law tax policy, estimated FY 2000-01 GF/GP revenues are \$9.9 billion. Included in this amount is a projected \$131.3 million balance carried forward from FY 1999-2000. Comparing projected FY 2000-01 GF/GP revenues with the enacted and proposed level of FY 1999-2000 GF/GP appropriations leads to a \$502.1 million increase in revenues to be allocated in the FY 2000-01 budget.

Table 6 provides a summary of the Governor's recommendation for the distribution of this \$502.1 million of revenue. The Governor is recommending that the Legislature enact a variety of changes in State tax policy that will have the result of utilizing \$129.1 million of the available revenues. Proposed year-over-year appropriation increases, after including the Governor's recommended FY 1999-2000 GF/GP supplemental appropriations, will total \$241.2 million. The Governor's budget recommendation leaves \$131.8 million of the available revenue unallocated and this revenue would carry forward and be available to support FY 2001-02 GF/GP appropriations.

Several priorities are evident when the data in Table 6 are reviewed. First, the Governor is continuing on his priority of recommending tax reductions to the Legislature. The tax changes recommended by the Governor will use 25.7% of the total available GF/GP revenues. These proposed tax changes are discussed in the "Revenue Estimates" section of this overview. A second priority that emerges when reviewing the Governor's recommendations is that the appropriations for the Department of Corrections continue to lead the growth of the GF/GP budget. Appropriations to the Department of Corrections account for \$131.1 million or 54.4% of the total FY 2000-01 GF/GP appropriation growth recommended by the Governor. The next largest recommended GF/GP appropriation growth is \$63.7 million for the Family Independence Agency. This increase can be generally explained by adjustments that are being mandated by the Federal government that the State must comply with in order for the State to receive its entire Temporary Assistance for Needy Families Federal block grant. Finally, the Governor's recommendation to leave \$131.8 million of estimated FY 2000-01 available revenues unallocated is certain to generate considerable debate as the Legislature begins its action on the State budget.

The Governor's FY 2000-01 budget contains assumptions concerning Federal funds, recommendations for new or expanded programs, program reductions, and proposals to transfer programs from one department to another. The following information provides a summary of the major highlights of these recommendations. More detailed discussion on the recommendations for each individual department is contained in the body of this report.

**FY 1999-2000 Supplemental Appropriations:** The Governor's FY 2000-01 State Budget Message contains a series of recommendations to the Legislature to enact FY 1999-2000 supplemental appropriations. Table 7 provides a summary of these recommendations. The supplemental appropriations total \$307.5 million of Gross appropriations and \$129.4 million of GF/GP appropriations. Supplemental appropriations for the Family Independence Agency total \$144.0 million of Gross appropriations and \$54.3 million of GF/GP appropriations. These Family Independence Agency recommendations focus on four specific areas. First, adjustments are made to existing appropriations to satisfy new Federal regulations concerning the State maintenance of effort requirements in the Temporary Assistance for Needy Families Programs. Second, the State is required to invest considerable resources in the Food Stamp Program to avoid potential Federal sanctions. Third, information technology upgrades are again provided to bring departmental computers up to current technology levels. The final issue in the Family Independence Agency supplemental appropriation recommendation is the funding of several one-time initiatives including full statutory funding of the Children's Trust Fund, funding from Federal funds for a teenage pregnancy prevention project, and funding of a family opportunity project to provide welfare recipients with additional Federal funding to improve long-term employment and housing opportunities. Other major recommendations in the Governor's FY 1999-2000 supplemental appropriation include \$37.3 million of proposed funding for infrastructure, technology, equipment and maintenance grants for universities and colleges, and \$23.2 million of proposed funding for the implementation of a program to provide more State governmental services via the Internet. The Governor is also recommending \$28.4 million of supplemental appropriations for the FY 1999-2000 School Aid budget including the funding of awards to elementary school employees whose students meet certain scores on the Michigan Educational Assessment Program (MEAP) tests. All of these proposed FY 1999-2000 supplemental appropriations will be financed by unallocated FY 1999-2000 revenues.

**Federal Funds Assumptions:** The recommended appropriation of \$9.6 billion of Federal funds contained in the budget is developed assuming a continuation of FY 1999-2000 Federal budget policy into FY 2000-01. To the extent that the United States Congress enacts substantive changes in Federal funds received by Michigan, adjustments might have to be made in State appropriations.

**State Revenue Sharing:** The budget provides for \$1.6 billion of FY 2000-01 State revenue sharing payments to cities, villages, townships and counties. This represents full statutory funding and provides for a \$96.6 million or 6.6% increase over the FY 1999-2000 level of projected payments, excluding \$6.5 million of FY 1999-2000 GF/GP special census payments. Revenue sharing payments made during FY 2000-01 will use the new 2000 census of population for the distribution formulas.

**General Budget Language:** The FY 2000-01 budget contains several important recommendations concerning standard budget language. The recommendation continues the past practice of freezing State classified employment levels unless exceptions are granted by the State Budget Director. The budget also contains language dealing with the appropriation of unanticipated Federal, State Restricted, and local and private funds that become available after the original budget is enacted.

**Program Transfers:** The FY 2000-01 budget reflects several recommendations to transfer programs among departments. Table 8 provides a summary of these proposed program transfers. The majority of these program transfers involve the shifting of programs from the Department of Education to the Departments of Treasury and Career Development. These programs include State assessment testing, adult education, and educational programs designed to expedite the transition from school to the workforce.

**Proposed Fee Increases:** The FY 2000-01 budget recommendation contains \$1.1 million in new revenue from fee increases. Table 9 summarizes these fee increases.

**Unclassified Salaries:** The FY 2000-01 budget recommends an overall \$779,000 or 5.3% increase in the Gross appropriations for the salaries of State unclassified employees in State departments. The recommendations are not uniform by department. Several departments are recommended for no increase from the FY 1999-2000 appropriations for unclassified salaries, while the Department of Natural Resources is recommended for a 13.8% increase.

**Classified Salaries:** The FY 2000-01 budget provides for the funding of negotiated salary adjustments for all classified State employees. These salary increases approved by the Civil Service Commission, will increase FY 2000-01 Gross appropriations by \$85.8 million. The average salary increase for State classified workers is 2.0% plus a \$375 lump sum payment to be paid on October 1, 2000. Most State classified workers are eligible for step increases or bonus payments that are in addition to these base pay adjustments.

**Economic Adjustments:** The FY 2000-01 budget contains increased funding for each State department, the Legislature, and the Judiciary to provide additional funds necessary to cover cost increases associated with economic adjustments. For State budgeting purposes, economic adjustments include the costs associated with wage increases, fringe benefit adjustments, and other factors influenced by inflation including postal costs, utilities, and building rental rates. Table 10 provides a summary of these economic adjustments, which total \$224.4 million of Gross appropriations and \$136.7 million of GF/GP appropriations.

**Tobacco Settlement Appropriations:** The FY 2000-01 budget includes the recommended appropriations of \$263.2 million of tobacco settlement funds revenue. These appropriations of tobacco settlement revenues come from two separate trust funds that have been established to receive funds received by the State as a result of the master settlement agreement agreed to by the states and the major United States tobacco companies on November 23, 1998. These two trust funds are the Merit Award Trust Fund and the Tobacco Settlement Trust Fund. During FY 2000-01 the State expects to receive a total of \$263.4 million of tobacco settlement revenues. In addition to the funds received in FY 2000-01, approximately \$108.6 million of unallocated FY 1999-2000 tobacco settlement funds will also be available for appropriation in FY 2000-01. Table 11 provides a summary of the Governor's recommendation for the appropriation of \$263.2 million of tobacco settlement funds. The appropriations can generally be characterized as continuation of appropriation policy first established in FY 1999-2000. New programs proposed to be funded with tobacco settlement funds in FY 2000-01 include \$26.7 million of funding for the postsecondary education financing initiatives and \$10.0 million of funding in the Department of Community Health to expand local indigent health care programs across the State. The Governor's recommendation does include proposed funding of \$100.0 million for the Michigan Merit Award Scholarship Program. The Senate Fiscal Agency believes that the actual expenditures on this higher education scholarship program during FY 2000-01 are likely to total only \$63.4 million. Any appropriation of tobacco settlement funds that is not expended will continue to be available for future appropriations.

**Agriculture:** The recommendation includes \$3.4 million for bovine tuberculosis surveillance and eradication.

**Attorney General:** The recommendation includes funding for new information technology projects.

**Capital Outlay:** The Legislature has already completed action on the FY 2000-01 Capital Outlay appropriation bill. The FY 2000-01 Capital Outlay appropriations are contained in Public Act 265 of 1999.

**Career Development:** The recommendation includes funding increases for community services volunteerism efforts, centers for independent living, and administrative costs for managing Federal workforce development funds.

**Civil Rights:** The recommendation includes a \$0.7 million GF/GP funding increase to replace the anticipated loss of Federal Equal Employment Opportunity Commission funding.

**Civil Service:** The recommendation includes no major program initiatives or funding shifts.

**Community Colleges:** The recommendation includes a 3.0% increase for college operations. This funding increase is distributed through the Gast/Mathieu funding formula. Three colleges that increased FY 1999-2000 tuition by more than 3.0% are penalized in the budget. These colleges are Gogebic, Monroe, and Wayne County. The overall operational increases range from 0.0% at Wayne County to 6.5% at Southwestern Michigan.

**Community Health:** The recommendation includes funding for a 4.0% increase for the major Medicaid providers and recognizes the State's Medicaid savings from an increase in the Federal Medicaid match rate. The local indigent medical care program is expanded with \$10.0 million of tobacco trust fund revenue. Community Mental Health Boards would assume responsibility for psychotropic pharmaceutical costs from the qualified health plans for Medicaid clients. Community Mental Health Board reimbursement rates are continued at the FY 1999-2000 payment levels and local public health operations will receive a 3.0% funding increase.

**Consumer and Industry Services:** The recommendation includes a \$3.7 million increase in Federal funds to help establish an unemployment claims filing system accessible by telephone or Internet.

**Corrections:** The recommendation provides for an 8.9% increase in appropriations. This increase provides for one 1,500-bed prison and full-year operation of 4,973 new prison beds opening throughout the current year.

**Education:** The recommendation reflects the transfer of many postsecondary job training functions to the Department of Career Development.

**Environmental Quality:** The recommendation provides for a GF/GP funding increase for wetland permitting and enforcement efforts.

**Executive:** The recommendation includes no major program initiatives or funding shifts.

**Family Independence Agency:** The recommendation provides for a 3.7% reduction in Adjusted Gross appropriations, but a 10.8% increase in GF/GP appropriations. The majority of the increase in GF/GP appropriations is a result of Federal changes in the State maintenance of effort requirement for the Temporary Assistance for Needy Families Program, departmentwide data processing initiatives, and a 3.0% rate increase for Foster Care and the Adoption Subsidy Program.

**Higher Education:** The recommendation provides a 2.5% increase for university operations and \$7.4 million of floor funding for certain universities. The range of increases for university operations is between 2.5% and 3.9%. The budget also provides a 3.0% increase for grant and financial aid programs.

**Judiciary:** The recommendation includes \$1.0 million of funding for drug courts initially funded in FY 1998-99.

**Legislature:** The recommendation includes no major program initiatives or funding shifts.

**Library of Michigan:** The recommendation includes no major program initiatives or funding shifts.

**Management and Budget:** The recommendation includes the assumption that the Department will begin to take over lease management functions for existing State agencies occupying space in private sector buildings in the Lansing area.

**Military Affairs:** The recommendation includes no major program initiatives or funding shifts.

**Natural Resources:** The recommendation provides a \$2.5 million GF/GP funding increase in the Forest Development Fund to offset a reduction in restricted revenues. The budget also includes a \$1.0 million appropriation from the Game and Fish Fund for a potential settlement of tribal fishing rights.

**School Aid:** The recommendation provides for School Aid appropriations through FY 2002-03. The basic foundation allowance would be increased from the current FY 2000-01 level of \$5,866 to \$5,896. This would result in a 3.5% increase above the FY 1999-2000 basic allowance. The basic foundation allowance would be increased by 3.5% in FY 2001-02 and 3.5% in FY 2002-03, bringing the basic foundation allowance to \$6,317 in FY 2002-03. During FY 2002-03, school districts with a basic foundation allowance of under \$6,500 would receive a special payment to bring their

foundation allowance up to \$6,500. Based on the Governor's budget recommendation, the School Aid Fund will close FY 2002-03 with a \$517.7 million year-end balance.

**State:** The recommendation includes the funding of a new speciality license plate program to provide license plates with university logos or other charitable causes. The recommendation also provides for \$0.8 million of increased funding to implement the electronic filing of campaign finance reports.

**State Police:** The recommendation includes funding for two trooper schools that will bring at-post trooper levels to 1,339 or the highest level in 30 years, and increased funding for information technology projects.

**Strategic Fund Agency:** The recommendation includes no major program initiatives or funding shifts. The appropriations to the Strategic Fund Agency are granted to the Michigan Economic Development Corporation for State economic development initiatives.

**Transportation:** The recommendation proposes to distribute State transportation funds under the current funding formula. The current transportation funding formula expires on September 30, 2000.

**Treasury:** The recommendation includes \$1.8 million of new funding to begin an initiative to cooperate with other states in order to implement an electronic system of collecting sales and use taxes from remote vendors selling goods to Michigan residents.

## **PAYMENTS TO LOCAL UNITS OF GOVERNMENT**

The Governor's FY 2000-01 budget includes \$15.2 billion of estimated payments to local units of government. This exceeds the required level of State payments to local units of government pursuant to Article IX, Section 30 of the State Constitution of 1963 by \$2.9 billion. Table 12 provides a summary of this estimate.

## **STATE EMPLOYMENT**

Table 13 and Figure E provide a comparison of classified and exempted full-time equated (FTE) positions recommended by the Governor with the recommended levels of appropriation in FY 1999-2000. The Governor's FY 2000-01 recommendation includes the funding for 64,573.0 FTEs. This represents a 1,211.1 FTE increase or 2.3% above FY 1999-2000 levels. The largest increase in FTEs recommended is a 610.5 FTE increase in the Department of Corrections reflecting the opening of several new State prison facilities throughout the fiscal year.

## **PROJECTED YEAR-END BALANCE**

Combining the Governor's FY 2000-01 appropriation recommendations and the consensus revenue estimates and proposed tax policy changes leads to updated estimates of the FY 2000-01 GF/GP and School Aid Fund year-end balances. Assuming that all of the Governor's proposals are adopted, the FY 2000-01 GF/GP budget will close the year with a \$131.8 million balance. The School Aid Fund will close the year with an \$823.4 million year-end balance. Tables 14 and 15 provide a summary of these estimates. Based on current law, any GF/GP or School Aid Fund balance at the close of FY 2000-01 will carry forward and be available to support FY 2001-02 appropriations.

## REVENUE ESTIMATES

Governor Engler's proposed budget for FY 2000-01 is based on revenue totaling an estimated \$36.7 billion. This estimate includes baseline revenue of \$35.8 billion, carryover beginning balances of \$1.08 billion, \$523 million in special purpose reserves and nonrevenue sources, enacted tax changes of a negative \$559 million, proposed new tax changes of a negative \$143 million, and other proposed adjustments of \$27 million. Excluding the beginning balances and the special purpose reserves, revenue will total an estimated \$35.1 billion, which is up 1.6% from the FY 1999-2000 revised estimate of \$34.5 billion. These initial estimates for FY 2000-01 include the consensus estimates for General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenues, along with the Department of Treasury's revenue estimates for revenues going to the special purpose portion of the General Fund, transportation funds, and the other special revenue funds.

**General Fund:** The Governor's GF/GP budget for FY 2000-01 is based on total revenues of \$9.77 billion. This estimate includes the baseline consensus revenue estimate of \$10.35 billion, which represents a 4.3% increase from the FY 1999-2000 consensus estimate. Enacted tax cuts, which include the scheduled phased reductions in both the income and single business tax rates by 0.1 percentage point, are expected to reduce baseline revenue by an estimated \$611 million. In addition, the Governor has proposed several new tax reductions, which would reduce GF/GP revenue an estimated \$129 million in FY 2000-01. (These proposed tax cuts are further described below.) The Governor also proposed a funding shift to help cover the cost of property tax credits, which would in effect increase GF/GP revenue an estimated \$27 million. The other major source of GF/GP revenue in FY 2000-01 is an estimated carryover balance from FY 1999-2000 of \$131 million.

**School Aid Fund:** School Aid Fund revenue is expected to total \$11.5 billion in FY 2000-01. This includes baseline tax and lottery revenues of \$10.08 billion, which represents a 3.7% increase from FY 1999-2000 baseline revenue. Enacted tax changes are expected to generate \$52 million in net new revenue, as revenue from the new casino wagering tax will more than offset the negative impact of various tax reductions. The Governor's proposed new tax reductions would reduce SAF revenue an estimated \$14 million in FY 2000-01 (see below). In addition to the earmarked tax and lottery revenues, the FY 2000-01 SAF revenues also include a \$421 million grant from the General Fund, a \$32 million transfer from the Budget Stabilization Fund, and \$120 million in Federal aid. The SAF is also expected to have a beginning carryover balance from FY 1999-2000 estimated at \$811 million.

**Other Funds:** Revenues earmarked to the various transportation funds will total an estimated \$4.07 billion in FY 2000-01, and the special purpose portion of the General Fund, which is about 70% Federal aid, is expected to total \$11.43 billion. The remaining special revenue funds are expected to receive \$817 million in revenue in FY 2000-01.

**Governor's Proposed Tax Cuts:** The Governor's FY 2000-01 budget includes several new tax reductions. These proposed cuts would reduce the income and single business taxes in FY 1999-2000 and FY 2000-01, and the State education property tax in FY 2000-01. The fiscal impact of these proposed tax reductions would reduce GF/GP revenues by an estimated \$194 million in FY 1999-2000 and \$129 million in FY 2000-01. School Aid Fund revenue would be cut \$14 million in FY 2000-01. The estimated fiscal impact of the various proposed tax cuts is summarized below and in Tables 16 and 17.

**Income Tax Cuts:** The Governor has proposed that the reduction in the income tax rate from 4.3% to 4.2%, scheduled for January 1, 2001, be accelerated retroactively to January 1, 2000. This would reduce GF/GP revenue an estimated \$135 million in FY 1999-2000 and \$47 million in FY 2000-01. The Governor also has proposed to increase and expand the current child exemption. Currently, taxpayers receive a \$600 extra exemption for each child up to age six and a \$300 exemption for each child from ages seven to 12. The Governor has proposed to increase the exemption to

\$600 for children age seven and older and expand the exemption to all children through age 18. In addition, the Governor proposed to double the extra senior exemption from \$900 to \$1,800, increase the property tax credit for certain disabled persons, and increase the farmland preservation property tax credit. The Governor also has proposed to repeal the tuition tax credit, which would increase GF/GP revenue an estimated \$22 million in FY 2000-01. These proposed changes would reduce income tax revenue an estimated \$176 million in FY 1999-2000 and \$91 million in FY 2000-01.

**Single Business Tax Cuts:** The proposed single business tax reductions include increasing the investment tax credit for small businesses on a sliding scale from the current 0.85% to 2.3%, and increasing special brownfield tax incentives and Michigan Economic Growth Authority (MEGA) tax credits. These changes would reduce single business tax revenue an estimated \$18 million in FY 1999-2000 and \$38 million in FY 2000-01.

**State Education Tax Cuts:** The Governor is also proposing to change the basis on which agricultural property is assessed for property tax purposes. Currently, agricultural property is assessed based on its market value. The Governor wants to assess agricultural property based on its current use. In addition, the Governor wants the taxable value of agricultural property not to revert to its market value when the property changes ownership and remains in agricultural use. These changes would reduce State education property tax revenue an estimated \$14 million in FY 2000-01.

The last section of this report contains more information on the revenue estimates included in the Governor's FY 2000-01 budget.

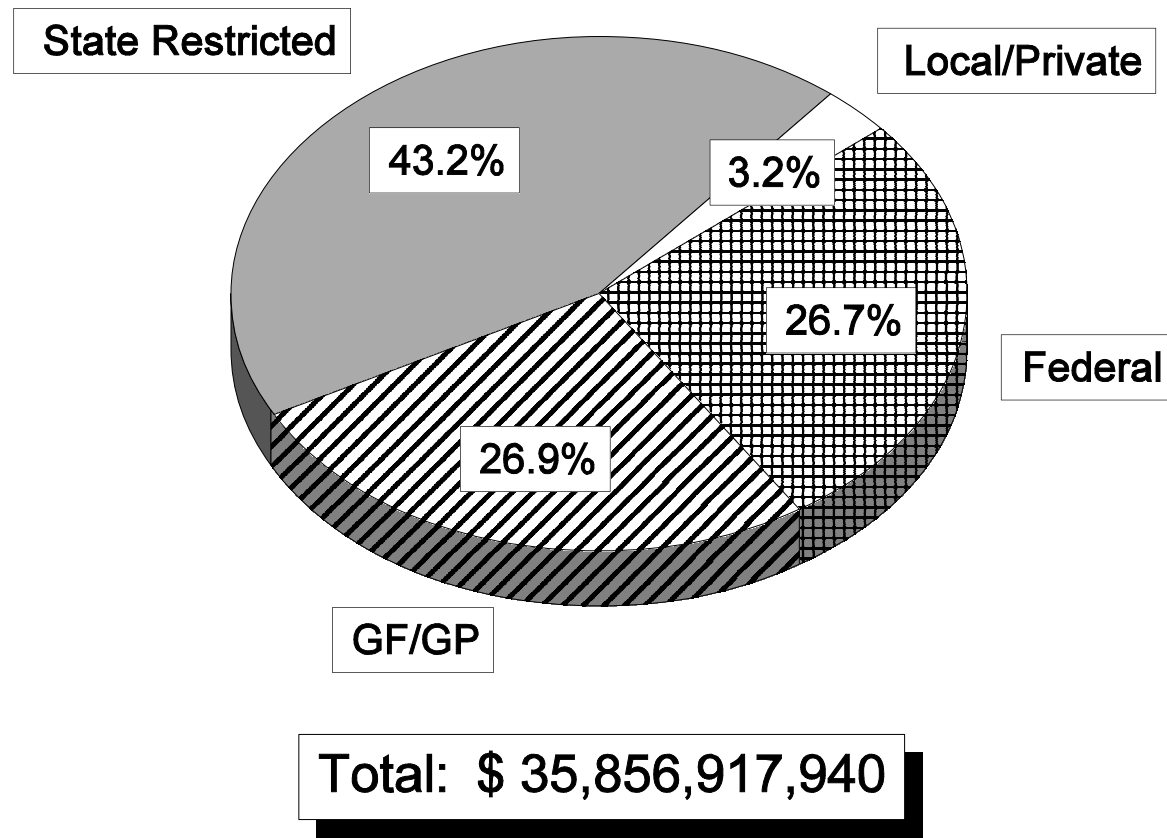


**Table 1**  
**FY 2000-01 GOVERNOR'S RECOMMENDATION**  
**BY SOURCE OF FUNDS**  
**(actual dollars)**

Department/Budget Area	Adjusted Gross	Federal Funds	Local & Private Funds	Other State Restricted	General Funds
Agriculture	\$90,990,800	\$6,037,000	\$1,121,900	\$33,362,100	\$50,469,800
Attorney General	50,667,800	6,816,000	1,149,200	7,534,500	35,168,100
Capital Outlay	464,994,800	99,361,000	17,372,000	35,447,200	312,814,600
Career Development	520,906,400	468,818,800	17,633,200	10,495,800	23,958,600
Civil Rights	15,272,500	934,000	0	0	14,338,500
Civil Service	27,105,600	4,779,100	1,850,000	9,257,600	11,218,900
Community Colleges	316,198,478	0	0	10,000,000	306,198,478
Community Health	8,325,499,300	4,380,058,900	959,759,700	348,689,500	2,636,991,200
Consumer and Industry Services	517,592,100	231,507,800	745,900	205,993,800	79,344,600
Corrections	1,696,630,100	26,633,600	429,500	50,484,300	1,619,082,700
Education	924,792,500	871,088,900	6,967,300	14,037,600	32,698,700
Environmental Quality	389,099,900	129,737,500	1,523,800	158,013,600	99,825,000
Executive	5,679,600	0	0	0	5,679,600
Family Independence Agency	3,506,627,200	2,124,055,000	117,296,800	58,665,400	1,206,610,000
Higher Education	1,838,900,562	3,900,000	0	105,250,000	1,729,750,562
Judiciary	231,805,600	3,103,300	4,144,900	56,002,300	168,555,100
Legislative Auditor General	13,284,100	0	0	266,600	13,017,500
Legislature	106,337,900	0	400,000	1,041,800	104,896,100
Library of Michigan	39,434,200	4,557,400	75,000	86,900	34,714,900
Management & Budget (Operations)	91,416,500	550,500	0	43,905,200	46,960,800
Military Affairs	100,522,700	35,952,600	375,000	22,988,200	41,206,900
Natural Resources	250,559,000	24,649,100	1,728,900	168,457,100	55,723,900
School Aid	10,676,074,200	120,000,000	0	10,135,460,700	420,613,500
State	132,057,200	2,704,700	501,600	64,344,500	64,506,400
State Police	376,879,600	33,949,300	3,495,300	43,071,600	296,363,400
Strategic Fund Agency	168,982,800	52,673,200	656,700	50,050,000	65,602,900
Transportation	2,974,305,100	918,449,000	5,700,000	2,050,156,100	0
Treasury (Debt Service)	91,570,500	0	700,000	0	90,870,500
Treasury (Operations)	353,619,000	33,800,000	1,181,300	248,402,500	70,235,200
Treasury (Revenue Sharing)	1,559,111,900	0	0	1,559,111,900	0
<b>TOTAL APPROPRIATIONS</b>	<b>\$35,856,917,940</b>	<b>\$9,584,116,700</b>	<b>\$1,144,808,000</b>	<b>\$15,490,576,800</b>	<b>\$9,637,416,440</b>

Figure A

## Appropriations by Source of Funds FY 2000-01 Governor's Recommendation

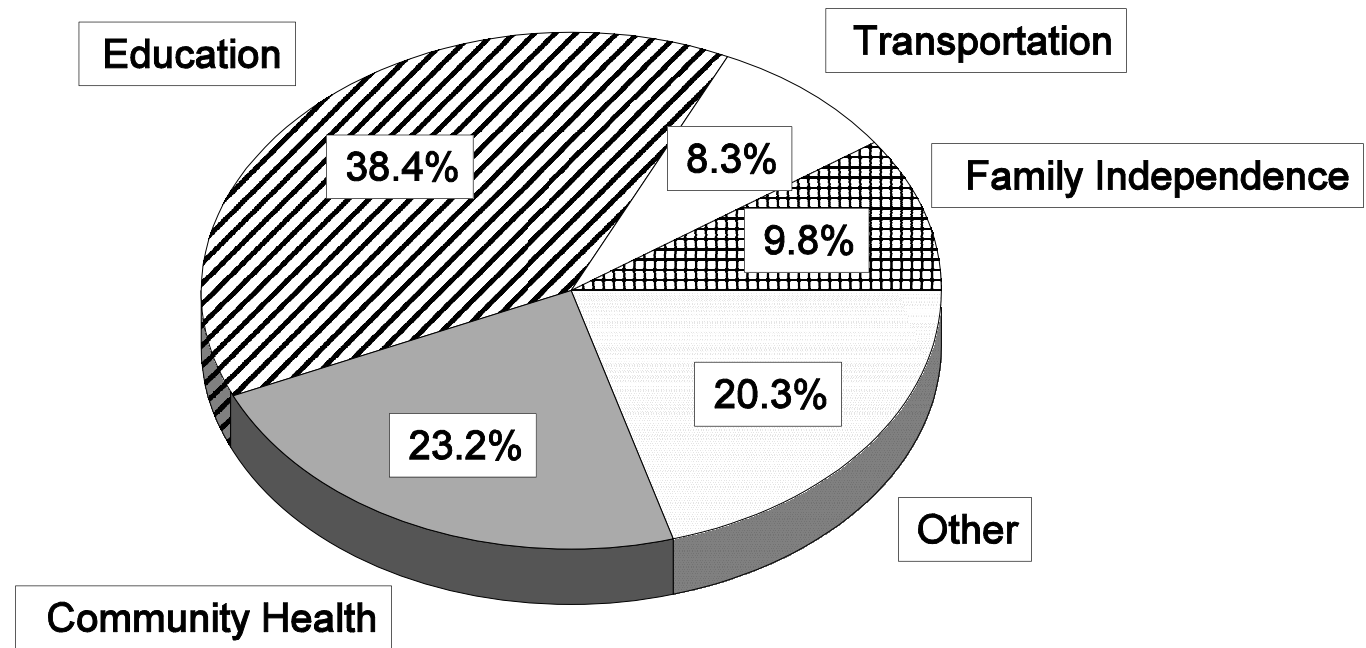


**Table 2**  
**ADJUSTED GROSS APPROPRIATIONS**  
**FY 1999-2000 VERSUS GOVERNOR'S RECOMMENDATION**  
(actual dollars)

<b>Department/Budget Area</b>	<b>FY 1999-2000 Year-to-Date Appropriations</b>	<b>FY 2000-01 Governor's Recommendation</b>	<b>Dollar Difference</b>	<b>Percent Change</b>
Agriculture	\$83,178,100	\$90,990,800	\$7,812,700	9.4%
Attorney General	46,445,500	50,667,800	4,222,300	9.1
Capital Outlay	436,383,700	464,994,800	28,611,100	6.6
Career Development	514,857,700	520,906,400	6,048,700	1.2
Civil Rights	14,623,300	15,272,500	649,200	4.4
Civil Service	26,285,500	27,105,600	820,100	3.1
Community Colleges	297,228,019	316,198,478	18,970,459	6.4
Community Health	8,082,595,300	8,325,499,300	242,904,000	3.0
Consumer and Industry Services	491,212,600	517,592,100	26,379,500	5.4
Corrections	1,561,026,200	1,696,630,100	135,603,900	8.7
Education	1,000,421,400	924,792,500	(75,628,900)	(7.6)
Environmental Quality	376,809,900	389,099,900	12,290,000	3.3
Executive	5,425,100	5,679,600	254,500	4.7
Family Independence Agency	3,642,782,400	3,506,627,200	(136,155,200)	(3.7)
Higher Education	1,774,759,308	1,838,900,562	64,141,254	3.6
Judiciary	224,834,600	231,805,600	6,971,000	3.1
Legislative Auditor General	12,816,300	13,284,100	467,800	3.7
Legislature	103,153,500	106,337,900	3,184,400	3.1
Library of Michigan	38,977,400	39,434,200	456,800	1.2
Management & Budget (Operations)	85,473,400	91,416,500	5,943,100	7.0
Military Affairs	94,962,000	100,522,700	5,560,700	5.9
Natural Resources (Bond)	0	0	0	0.0
Natural Resources	237,268,200	250,559,000	13,290,800	5.6
School Aid	10,095,608,600	10,676,074,200	580,465,600	5.7
State	124,684,500	132,057,200	7,372,700	5.9
State Police	346,542,500	376,879,600	30,337,100	8.8
Strategic Fund Agency	168,817,100	168,982,800	165,700	0.1
Transportation	2,798,086,200	2,974,305,100	176,218,900	6.3
Treasury (Debt Service)	94,117,500	91,570,500	(2,547,000)	(2.7)
Treasury (Operations)	293,787,500	353,619,000	59,831,500	20.4
Treasury (Revenue Sharing)	1,469,000,000	1,559,111,900	90,111,900	6.1
<b>TOTAL APPROPRIATIONS</b>	<b>\$34,542,163,327</b>	<b>\$35,856,917,940</b>	<b>\$1,314,754,613</b>	<b>3.8%</b>

Figure B

## Adjusted Gross FY 2000-01 Governor's Recommendation



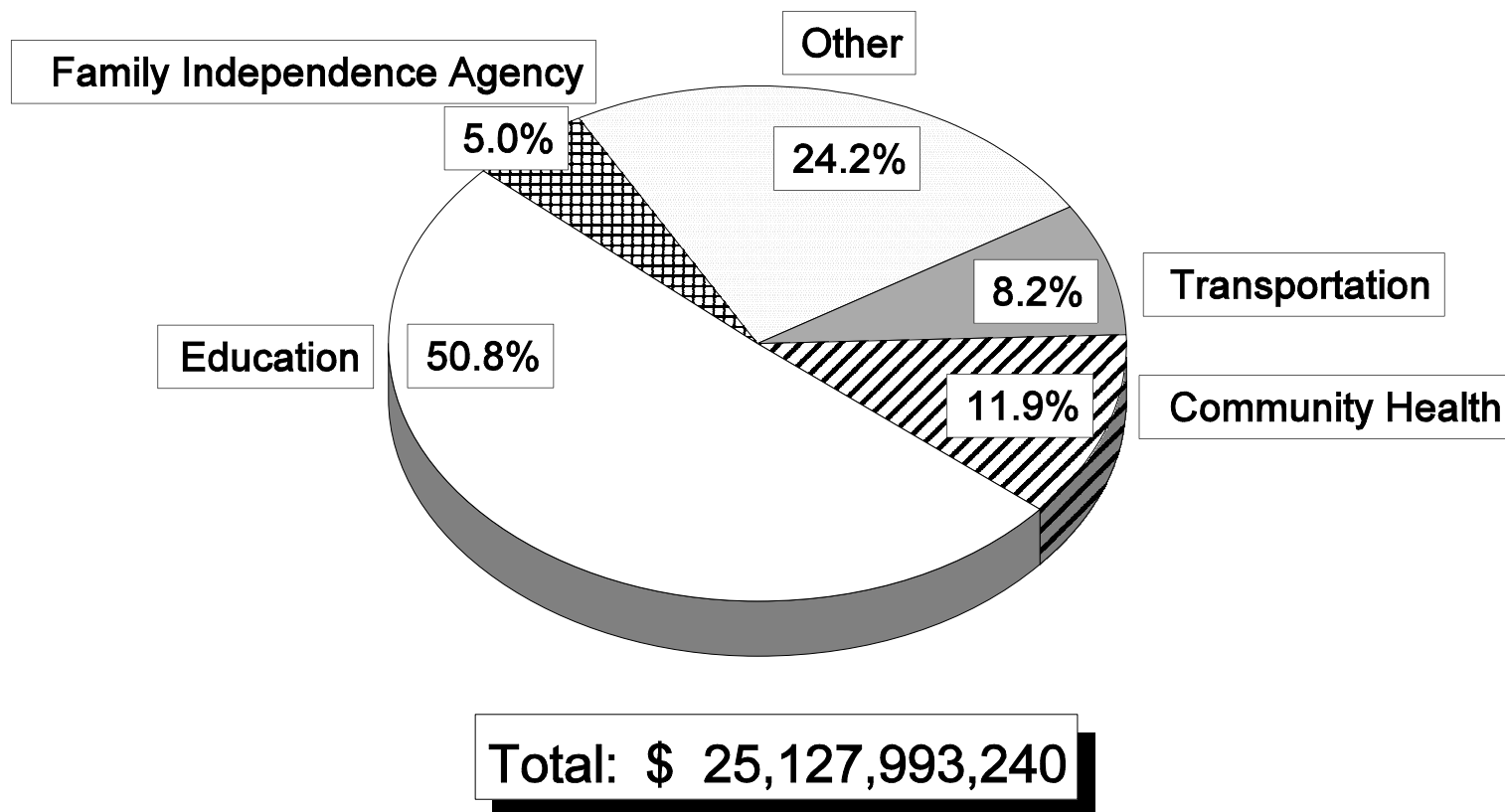
**Total: \$ 35,856,917,940**

**Table 3**  
**STATE SPENDING FROM STATE RESOURCES**  
**FY 1999-2000 VERSUS GOVERNOR'S RECOMMENDATION**  
(actual dollars)

<b>Department/Budget Area</b>	<b>FY 1999-2000 Year-To-Date Appropriations</b>	<b>FY 2000-01 Governor's Recommendation</b>	<b>Dollar Difference</b>	<b>Percent Change</b>
Agriculture	\$77,056,300	\$83,831,900	\$6,775,600	8.8%
Attorney General	38,937,000	42,702,600	3,765,600	9.7
Capital Outlay	332,424,900	348,261,800	15,836,900	4.8
Career Development	101,059,500	34,454,400	(66,605,100)	(65.9)
Civil Rights	12,989,300	14,338,500	1,349,200	10.4
Civil Service	19,656,400	20,476,500	820,100	4.2
Community Colleges	297,228,019	316,198,478	18,970,459	6.4
Community Health	3,018,267,500	2,985,680,700	(32,586,800)	(1.1)
Consumer and Industry Services	271,330,700	285,338,400	14,007,700	5.2
Corrections	1,534,927,000	1,669,567,000	134,640,000	8.8
Education	65,081,600	46,736,300	(18,345,300)	(28.2)
Environmental Quality	248,449,100	257,838,600	9,389,500	3.8
Executive	5,425,100	5,679,600	254,500	4.7
Family Independence Agency	1,212,295,000	1,265,275,400	52,980,400	4.4
Higher Education	1,770,859,308	1,835,000,562	64,141,254	3.6
Judiciary	217,557,800	224,557,400	6,999,600	3.2
Legislative Auditor General	12,816,300	13,284,100	467,800	3.7
Legislature	102,753,500	105,937,900	3,184,400	3.1
Library of Michigan	34,345,000	34,801,800	456,800	1.3
Management & Budget (Operations)	84,937,000	90,866,000	5,929,000	7.0
Military Affairs	62,109,600	64,195,100	2,085,500	3.4
Natural Resources (Bond)	11,476,399	0	(11,476,399)	0.0
Natural Resources (Operations)	213,301,400	224,181,000	10,879,600	5.1
School Aid	9,975,608,600	10,556,074,200	580,465,600	5.8
State	121,072,300	128,850,900	7,778,600	6.4
State Police	310,846,300	339,435,000	28,588,700	9.2
Strategic Fund Agency	114,957,200	115,652,900	695,700	0.6
Transportation	1,976,865,200	2,050,156,100	73,290,900	3.7
Treasury (Debt Service)	93,417,500	90,870,500	(2,547,000)	(2.7)
Treasury (Operations)	251,740,300	318,637,700	66,897,400	26.6
Treasury (Revenue Sharing)	1,469,000,000	1,559,111,900	90,111,900	6.1
<b>TOTAL APPROPRIATIONS</b>	<b>\$24,058,791,126</b>	<b>\$25,127,993,240</b>	<b>\$1,069,202,114</b>	<b>4.4%</b>

Figure C

## State Spending from State Resources FY 2000-01 Governor's Recommendation

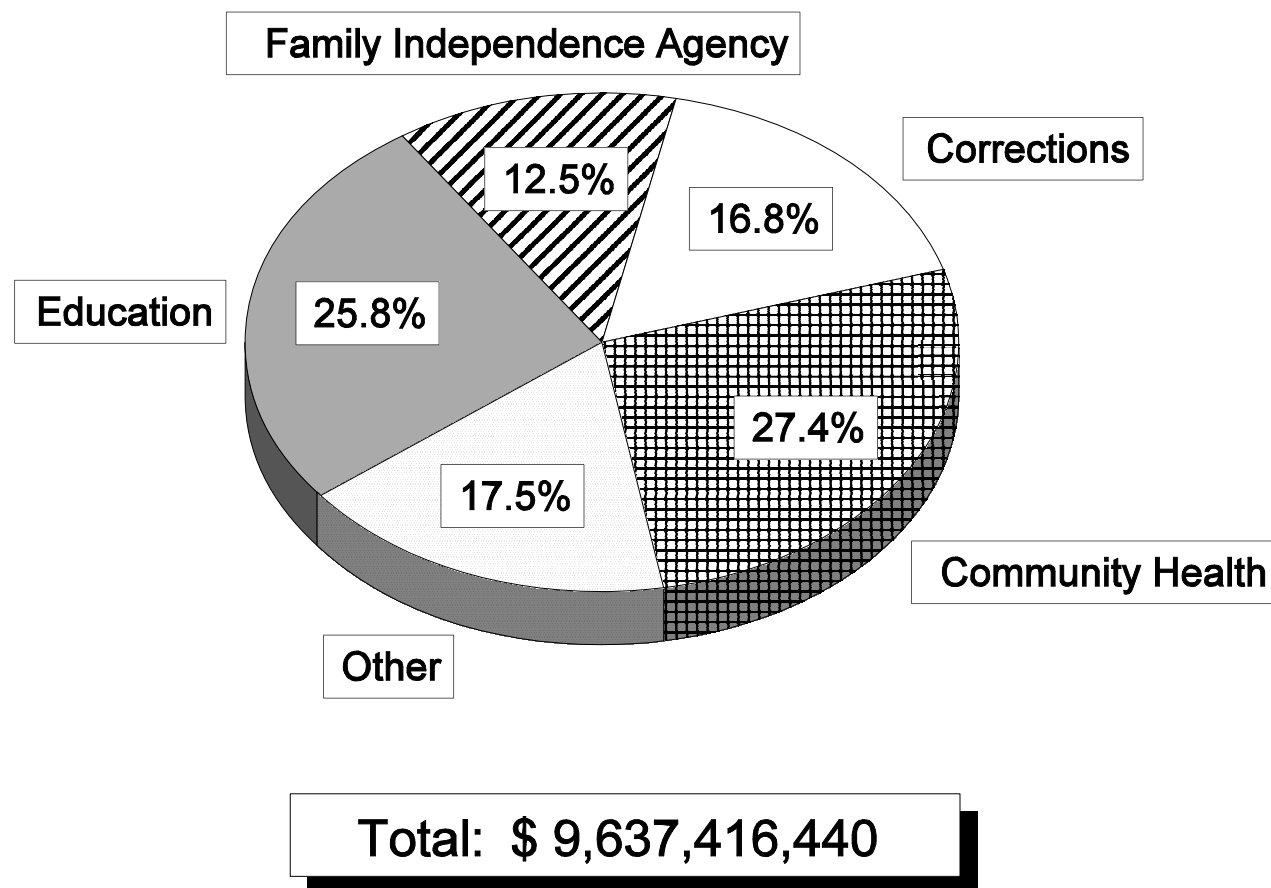


**Table 4**  
**GENERAL FUND/GENERAL PURPOSE**  
**FY 1999-2000 VERSUS GOVERNOR'S RECOMMENDATION**

<b>Department/Budget Area</b>	<b>FY 1999-2000 Year-To-Date Appropriations</b>	<b>FY 2000-01 Governor's Recommendation</b>	<b>Dollar Difference</b>	<b>Percent Change</b>
Agriculture	\$45,883,900	\$50,469,800	\$4,585,900	10.0%
Attorney General	32,078,800	35,168,100	3,089,300	9.6
Capital Outlay	277,924,800	312,814,600	34,889,800	12.6
Career Development	21,139,200	23,958,600	2,819,400	13.3
Civil Rights	12,989,300	14,338,500	1,349,200	10.4
Civil Service	10,797,200	11,218,900	421,700	3.9
Community Colleges	297,228,019	306,198,478	8,970,459	3.0
Community Health	2,636,145,000	2,636,991,200	846,200	0.0
Consumer and Industry Services	77,857,500	79,344,600	1,487,100	1.9
Corrections	1,486,579,100	1,619,082,700	132,503,600	8.9
Education	37,817,000	32,698,700	(5,118,300)	(13.5)
Environmental Quality	96,246,400	99,825,000	3,578,600	3.7
Executive	5,425,100	5,679,600	254,500	4.7
Family Independence Agency	1,088,729,500	1,206,610,000	117,880,500	10.8
Higher Education	1,679,309,308	1,729,750,562	50,441,254	3.0
Judiciary	161,482,900	168,555,100	7,072,200	4.4
Legislative Auditor General	12,522,500	13,017,500	495,000	4.0
Legislature	101,711,700	104,896,100	3,184,400	3.1
Library of Michigan	34,258,100	34,714,900	456,800	1.3
Management & Budget (Operations)	45,298,000	46,960,800	1,662,800	3.7
Military Affairs	39,700,500	41,206,900	1,506,400	3.8
Natural Resources (Bond)	0	0	0	0.0
Natural Resources (Operations)	51,495,000	55,723,900	4,228,900	8.2
School Aid	420,613,500	420,613,500	0	0.0
State	60,089,000	64,506,400	4,417,400	7.4
State Police	268,719,900	296,363,400	27,643,500	10.3
Strategic Fund Agency	64,907,200	65,602,900	695,700	1.1
Transportation	0	0	0	0.0
Treasury (Debt Service)	93,417,500	90,870,500	(2,547,000)	(2.7)
Treasury (Operations)	63,298,400	70,235,200	6,936,800	11.0
Treasury (Revenue Sharing)	6,500,000	0	(6,500,000)	(100.0)
<b>TOTAL APPROPRIATIONS</b>	<b>\$9,230,164,327</b>	<b>\$9,637,416,440</b>	<b>\$407,252,113</b>	<b>4.4%</b>

Figure D

## General Fund General Purpose FY 2000-01 Governor's Recommendation





**Table 5**  
**GOVERNOR'S FY 2000-01 STATE BUDGET**  
**INCREMENTAL REVENUE AVAILABLE FOR EXPENDITURE**  
**GENERAL FUND/GENERAL PURPOSE**  
**(millions of dollars)**

**FY 2000-01 Revenues:**

Beginning Balance .....	\$ 131.3
Baseline Consensus Revenue Estimate .....	10,350.7
Enacted Tax Reductions .....	(610.7)
Homestead Property Tax Credit Funding Shift .....	27.0
Total Revenues Available for Expenditures .....	\$9,898.3

**FY 1999-2000 Appropriations:**

Enacted Appropriations .....	\$9,229.7
Governor's Proposed Supplemental Appropriations .....	129.4
Budget Stabilization Fund Pay-In .....	37.1
Total Projected Appropriations .....	\$9,396.2
Revenue Increases Available for FY 2000-01 GF/GP Budget .....	\$ 502.1

**Table 6**  
**DISTRIBUTION OF POTENTIAL INCREASES IN FY 2000-01**  
**GENERAL FUND/GENERAL PURPOSE REVENUE IN GOVERNOR'S BUDGET PROPOSAL**  
(millions of dollars)

<b>Projected FY 2000-01 GF/GP Revenue Increase .....</b>	<b>\$502.1</b>
<u>Governor's Recommendations for Revenue Increases:</u>	
Proposed Tax Reductions .....	\$129.1
Proposed Appropriation Increases .....	\$241.2
Unallocated Projected Year-End Balance .....	\$131.8
<u>Addendum:</u>	
<u>Major GF/GP Appropriation Increases in Governor's FY 2000-01 Budget:</u>	
Corrections .....	\$131.1
Family Independence Agency .....	63.7
Capital Outlay .....	34.9
State Police .....	24.5
Higher Education .....	18.9
Budget Stabilization Fund Pay-In .....	(37.1)
All Other Appropriation Recommendations .....	5.2
<b>Subtotal Recommended Appropriation Increases .....</b>	<b>\$241.2</b>

<b>Table 7</b> <b>FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS</b> <b>RECOMMENDED IN FY 2000-01 BUDGET</b> <b>(actual dollars)</b>		
<b>Department/Budget Area</b>	<b>Gross Appropriation</b>	<b>GF/GP Appropriation</b>
<b>Agriculture</b>		
Horse Racing Grants .....	\$1,001,700	\$ 0
<b>Civil Rights</b>		
Replace Federal Funds with GF/GP .....	750,000	750,000
<b>Civil Service</b>		
Human Resources Information Technology Project .....	1,200,000	1,200,000
<b>Community Colleges</b>		
Infrastructure, technology, equipment and maintenance .....	5,870,000	5,870,000
<b>Community Health</b>		
Health Insurance Data Automation .....	7,000,000	1,750,000
Diabetes Outreach Program .....	500,000	0
Qualified Health Plan Encounter Data System .....	4,200,000	1,050,000
<b>Corrections</b>		
800 MHz Radios .....	1,377,200	1,377,200
<b>Education</b>		
Troops for Teachers .....	40,000	0
NAEP Test Incentives Grants .....	220,000	220,000
Reading Readiness Packages (R.E.A.D.Y. Kits) .....	2,250,000	1,750,000
<b>Family Independence Agency</b>		
Temporary Assistance for Needy Families Fund Shift .....	0	16,300,000
Food Stamp Reinvestment .....	18,813,200	18,813,200
Personal Computer Upgrades .....	15,000,000	6,000,000
Homestead Property Tax Credit for Low-Income Families .....	27,000,000	0
Children's Trust Fund .....	13,145,200	13,145,200
Teen Pregnancy Reduction Project .....	20,000,000	0
Family Opportunity Project .....	50,000,000	0

<b>Department/Budget Area</b>	<b>Gross Appropriation</b>	<b>GF/GP Appropriation</b>
<b>Higher Education</b>		
Infrastructure, technology, equipment and maintenance . . . . .	30,000,000	30,000,000
General Degree Reimbursement Program . . . . .	1,476,000	1,476,000
<b>Judiciary</b>		
Model Trial Court Projects . . . . .	2,300,000	2,300,000
<b>Management and Budget</b>		
E-Michigan . . . . .	23,200,000	21,200,000
<b>Natural Resources</b>		
Nongame Wildlife Trust Fund . . . . .	2,400,000	2,400,000
<b>School Aid</b>		
Michigan Summer Enrichment Program . . . . .	10,000,000	0
Educational Performance and Information Center . . . . .	10,000,000	0
Golden Apple Award . . . . .	8,000,000	0
Intermediate School District Vocational Education . . . . .	320,000	0
Intermediate School District Taxable Value Adjustment . . . . .	90,000	0
<b>State</b>		
Branch Office Computer Upgrade . . . . .	395,200	395,200
Historical Program . . . . .	300,000	300,000
<b>State Police</b>		
Information Technology . . . . .	3,100,000	3,100,000
9-1-1 Enhancement for Mobile Phones . . . . .	837,000	0
<b>Transportation</b>		
Bus Capital . . . . .	29,100,000	0
Freight Preservation and Development . . . . .	600,000	0
<b>Treasury</b>		
9-1-1 Enhancement for Mobile Phones . . . . .	16,000,000	0
Michigan Educational Assessment Program Test Development . . .	1,000,000	0
<b>Total Recommended Supplemental Appropriations . . . . .</b>	<b>\$307,485,500</b>	<b>\$129,396,800</b>

**Table 8**  
**SUMMARY OF PROGRAM TRANSFERS**

Department/Budget Area Transferring Program	Fund Source	FY 1999-2000 Amount Transferred Out	Department/Budget Area Receiving Program	Fund Source	FY 2000-01 Amount Rec. by Governor
<u>Community Health</u>	Gross	\$560,000	Consumer and Industry Services . . . . .	Gross	\$560,000
Licensing Assisted Living Centers . . . .	GF/GP	560,000		GF/GP	560,000
<u>Education</u>					
Assessment Testing . . . . .	Gross	1,556,400	Treasury . . . . .	Gross	1,628,400
	GF/GP	1,556,400		GF/GP	0
MEAP Test Administration . . . . .	Gross	13,000,000	Treasury . . . . .	Gross	18,870,600
	GF/GP	0		GF/GP	0
Career and Technical Education . . . . .	Gross	2,760,000	Career Development . . . . .	Gross	2,969,700
	GF/GP	0		GF/GP	681,100
Postsecondary Education . . . . .	Gross	2,204,400	Career Development . . . . .	Gross	2,359,900
	GF/GP	0		GF/GP	649,500
Adult Education Administration . . . . .	Gross	1,669,100	Career Development . . . . .	Gross	1,753,900
	GF/GP	168,700		GF/GP	183,500
Adult Basic Education . . . . .	Gross	10,024,100	Career Development . . . . .	Gross	11,004,700
	GF/GP	0		GF/GP	0
Gear Up Program . . . . .	Gross	2,000,000	Career Development . . . . .	Gross	2,000,000
	GF/GP	0		GF/GP	0
Job Training Partnership Act . . . . .	Gross	7,952,700	Career Development . . . . .	Gross	7,952,700
	GF/GP	0		GF/GP	0
School to Work . . . . .	Gross	1,800,000	Career Development . . . . .	Gross	0
	GF/GP	0		GF/GP	0
Vocational Education . . . . .	Gross	39,500,000	Career Development . . . . .	Gross	39,500,000
	GF/GP	0		GF/GP	0
<u>Family Independence Agency</u>					
High School Completion Program . . . .	Gross	363,400	Treasury . . . . .	Gross	363,400
	GF/GP	363,400		GF/GP	0
Optical Reader Equipment . . . . .	Gross	841,300	Community Health . . . . .	Gross	841,300
	GF/GP	210,300		GF/GP	210,300
<u>Strategic Fund Agency</u>					
Employment Services . . . . .	Gross	5,300,000	Career Development . . . . .	Gross	530,000
	GF/GP	0		GF/GP	0
<u>Treasury</u>	Gross	2,972,100	Management and Budget . . . . .	Gross	2,972,100
Deferred Compensation . . . . .	GF/GP	197,300		GF/GP	197,300

<b>Table 9</b> <b>GOVERNOR'S FY 2000-01 PROPOSED FEE INCREASES</b> <b>(actual dollars)</b>		
<b>Department/Budget Area</b>	<b>Type of Fee</b>	<b>Fee Revenue Included in FY 2000-01 Budget</b>
Community Health	Newborn Screening	\$135,800
	Vital Records	200,000
Corrections	Public Work Crews Supervision	229,000
Judiciary	Law Exam Fees	150,000
Natural Resources	Campground Users Fees	425,000
<b>Total .....</b>		<b>\$1,139,800</b>

<b>Table 10</b> <b>GOVERNOR'S PROPOSED FY 2000-01 STATE BUDGET</b> <b>PROPOSED DEPARTMENTAL ECONOMIC INCREASES</b> <b>(Actual Dollars)</b>		
<b>Department/Budget Area</b>	<b>Gross</b>	<b>GF/GP</b>
Agriculture	\$1,948,400	\$1,648,500
Attorney General	2,905,200	1,902,400
Career Development	2,790,300	635,500
Civil Rights	649,200	649,200
Civil Service	820,100	421,700
Community Health	24,912,900	10,985,500
Consumer and Industry Services	15,617,100	2,937,600
Corrections	65,288,200	63,528,000
Education	1,528,000	555,700
Environmental Quality	5,958,200	3,303,600
Executive	254,500	254,500
Family Independence Agency	33,264,300	13,094,100
Judiciary	5,205,500	5,099,000
Legislature	3,366,100	3,310,800
Library of Michigan	294,200	294,200
Management & Budget	2,605,300	800,700
Military Affairs	3,380,900	1,443,200
Natural Resources	6,431,500	1,252,700
State	6,143,100	2,563,500
State Police	20,909,100	18,930,400
Strategic Fund Agency	695,700	695,700
Transportation	12,925,000	0
Treasury	6,487,400	2,442,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$224,380,200</b>	<b>\$136,748,500</b>

**Table 11**  
**TOBACCO SETTLEMENT FUNDS APPROPRIATIONS**  
**RECOMMENDED IN GOVERNOR'S FY 2000-01 BUDGET**  
(millions of dollars)

<b>Department/Program</b>	<b>Trust Fund</b>	<b>Amount</b>
<u>Career Development</u>		
Council of Michigan Foundations .....	Tobacco Settlement	\$ 6.0
<u>Community Colleges</u>		
Lt. Governor's Commission on Financing Postsecondary Education .....	Tobacco Settlement	10.0
<u>Community Health</u>		
Local Indigent Medical Care .....	Tobacco Settlement	10.0
Long-Term Care Advisor .....	Tobacco Settlement	3.0
Personal Needs Allowance .....	Tobacco Settlement	5.0
Respite Care Services .....	Tobacco Settlement	5.0
Elderly Prescription Insurance Coverage .....	Tobacco Settlement	33.0
<u>Higher Education</u>		
Merit Award Scholarships .....	Merit Award	100.0
Tuition Incentive Program .....	Merit Award	5.3
<u>Strategic Fund Agency</u>		
Health and Aging Research and Development .....	Tobacco Settlement	50.0
<u>Treasury</u>		
Merit Award Trust Fund Board .....	Merit Award	2.0
MEAP Test Administration .....	Merit Award	16.9
Lt. Governor's Commission on Financing Postsecondary Education .....	Merit Award	16.7
Tuition Incentive Program Administration .....	Merit Award	0.3
<b>Total Tobacco Settlement Appropriations .....</b>		<b>\$263.2</b>



**Table 12**  
**STATE PAYMENTS TO UNITS OF LOCAL GOVERNMENT**  
**ARTICLE IX, SECTION 30 REQUIREMENT**  
**(millions of dollars)**

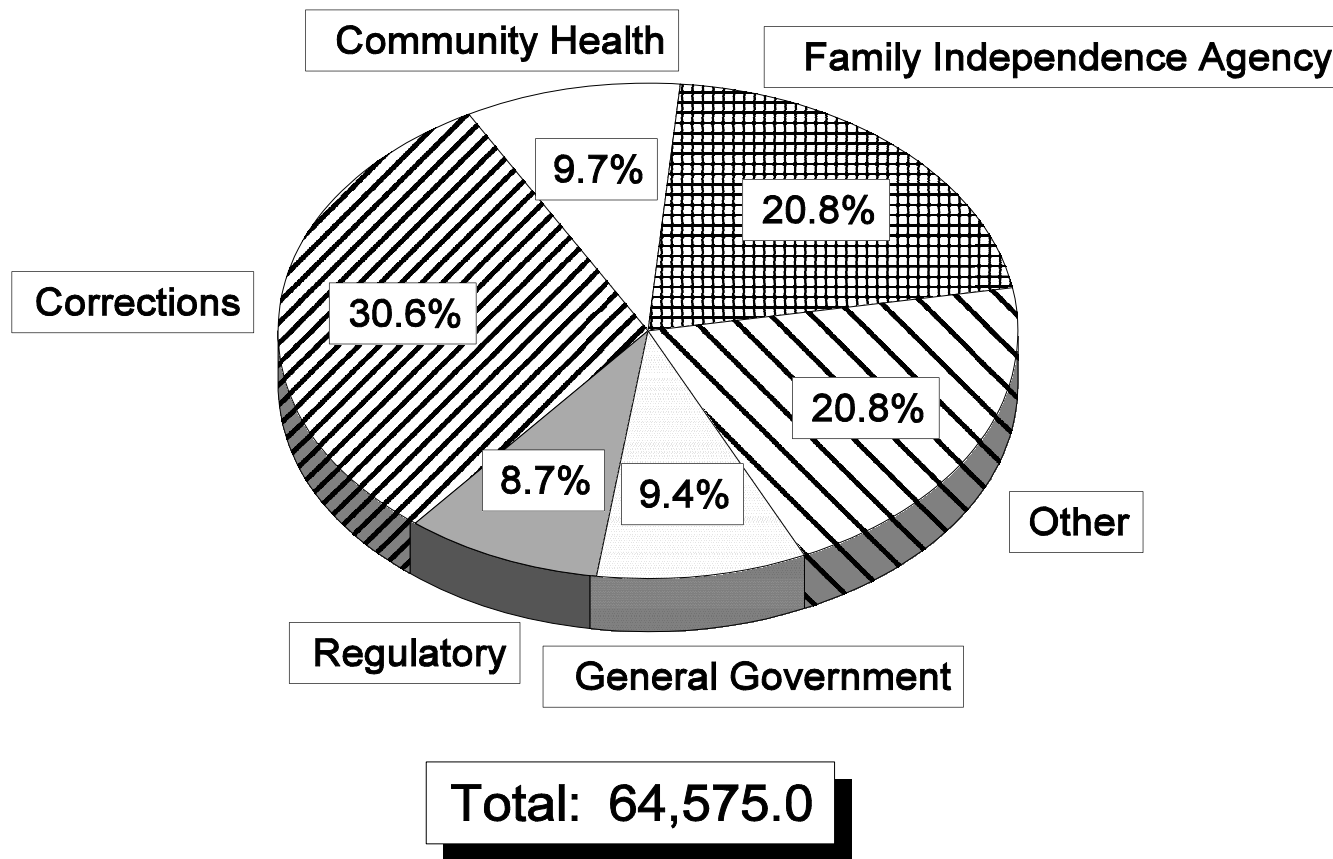
	<b>FY 2000-01 Estimate</b>
State Spending from State Resources .....	\$25,163.0 <sup>a)</sup>
Required Payments to Local Units of Government (48.97%) .....	\$12,322.3
Actual or Estimated Payments to Locals .....	\$15,211.2
Actual Percentage of Total State Spending .....	60.45%
Surplus of Section 30 Payments .....	\$2,888.9
a) Does not include \$40.0 million of Federal aid counted as GF/GP revenue.	

**Table 13**  
**FULL-TIME EQUATED POSITIONS**  
**FY 1999-2000 VERSUS GOVERNOR'S RECOMMENDATION**

<b>Department/Budget Area</b>	<b>FY 1999-2000 Year-To-Date Appropriations</b>	<b>FY 2000-01 Governor's Recommendation</b>	<b>Position Change</b>	<b>Percent Change</b>
Agriculture	599.5	643.5	44.0	7.3%
Attorney General	569.0	586.0	17.0	3.0
Career Development	1,066.0	1,145.0	79.0	7.4
Civil Rights	166.5	166.5	0.0	0.0
Civil Service	230.5	230.5	0.0	0.0
Community Health	6,130.3	6,258.1	125.8	2.1
Consumer and Industry Services	4,148.4	4,218.9	70.5	1.7
Corrections	19,174.3	19,784.8	610.5	3.2
Education	542.6	457.6	(85.0)	(15.7)
Environmental Quality	1,610.7	1,630.7	20.0	1.2
Executive	75.0	75.0	0.0	0.0
Family Independence Agency	13,222.3	13,463.6	241.3	1.8
Judiciary	583.0	586.0	3.0	0.5
Library of Michigan	0.0	0.0	0.0	0.0
Management & Budget (Operations)	944.0	961.5	17.5	1.9
Military Affairs	1,077.0	1,081.0	4.0	0.4
Natural Resources	2,237.5	2,237.5	0.0	0.0
State	2,044.0	2,048.0	4.0	0.2
State Police	3,591.0	3,600.0	9.0	0.3
Strategic Fund Agency	241.0	235.0	(6.0)	(2.5)
Transportation	3,176.3	3,176.3	0.0	0.0
Treasury (Operations)	1,933.0	1,989.5	56.5	2.9
<b>TOTAL POSITIONS</b>	<b>63,361.9</b>	<b>64,575.0</b>	<b>1,211.1</b>	<b>2.3%</b>

Figure E

## Full Time Equated Positions FY 2000-01 Governor's Recommendation



**Table 14**  
**FY 2000-01**  
**GENERAL FUND/GENERAL PURPOSE**  
**REVENUES, EXPENDITURES AND YEAR-END BALANCE**  
(millions of dollars)

	<b>1-27-2000 Gov's Rec.</b>
<b>REVENUES:</b>	
Beginning Balance .....	\$ 131.3
Baseline Revenue Estimate .....	10,350.7
Nonbaseline Revenue Adjustments .....	(610.7)
Proposed Tax Reductions .....	(151.1)
Homestead Property Tax Credit Funding Shift .....	27.0
Repeal of Tuition Tax Credit .....	22.0
<b>TOTAL REVENUES .....</b>	<b>\$9,769.2</b>
<b>EXPENDITURES:</b>	
Potential Appropriations .....	\$8,904.0
School Aid GF/GP Grant .....	420.6
Capital Outlay Appropriations .....	312.8
Budget Stabilization Fund Formula Pay-In .....	---
<b>TOTAL EXPENDITURES .....</b>	<b>\$9,637.4</b>
<b>PROJECTED YEAR-END BALANCE .....</b>	<b>\$131.8</b>

**Table 15**  
**FY 2000-01**  
**SCHOOL AID FUND**  
**REVENUES, EXPENDITURES AND YEAR-END BALANCE**  
(millions of dollars)

	<b>1-27-2000 Gov's Rec.</b>
<b>REVENUES:</b>	
Beginning Balance .....	\$ 811.0
Baseline Consensus Revenue Estimate .....	10,077.7
Non-Baseline Revenue Adjustments .....	38.2
General Fund/General Purpose Grant .....	420.6
Budget Stabilization Fund Withdrawal .....	32.0
Federal Aid .....	120.0
<b>TOTAL AVAILABLE REVENUES .....</b>	<b>\$11,499.5</b>
<b>EXPENDITURES:</b>	
Original Appropriations (PA 119 of 1999) .....	\$10,599.4
Governor's Recommended Supplemental Items: .....	
Basic Foundation Allowance Increase (\$30 per pupil) .....	53.4
At-Risk Program .....	20.2
School Readiness .....	27.5
Adult Education .....	20.0
Teacher Technology .....	55.0
Summer School for Elementary Students .....	38.0
Michigan Virtual High School .....	15.0
Golden Apple Awards .....	8.0
All Other .....	(3.6)
Subtotal Supplemental Appropriations .....	233.5
Projected Appropriation Lapses .....	(156.8)
<b>TOTAL EXPENDITURES .....</b>	<b>\$10,676.1</b>
<b>PROJECTED YEAR-END BALANCE .....</b>	<b>\$ 823.4</b>

**Table 16**  
**GOVERNOR'S PROPOSED FY 1999-2000 TAX CUTS**  
(millions of dollars)

<b>Proposed Tax Cuts</b>	<b>GF/GP</b>	<b>SAF</b>	<b>Total</b>
<u>Income Tax</u>			
Rate Cut One-Year Acceleration .....	\$(134.7)	\$0.0	\$(134.7)
Increase & Expand Child Exemption .....	(20.4)	0.0	(20.4)
Increase Extra Senior Exemption .....	(20.7)	0.0	(20.7)
Increase Disabled Property Tax Credit .....	0.0	0.0	0.0
Agriculture Tax Reduction (P.A. 116) .....	0.0	0.0	0.0
Repeal Tuition Tax Credit .....	0.0	0.0	0.0
<b>Total</b> .....	<b>(175.8)</b>	<b>0.0</b>	<b>(175.8)</b>
<u>Single Business Tax (SBT)</u>			
Increase SBT Investment Tax Credit .....	(12.4)	0.0	(12.4)
Brownfield Tax Reduction .....	(5.0)	0.0	(5.0)
Expanded MEGA - Gold Collar .....	(1.0)	0.0	(1.0)
<b>Total</b> .....	<b>(18.4)</b>	<b>0.0</b>	<b>(18.4)</b>
<u>State Education Tax</u>			
Agriculture, Property Tax, Use Valuation & Other .....	0.0	0.0	0.0
<b>Total</b> .....	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b> .....	<b>\$(194.2)</b>	<b>\$0.0</b>	<b>\$(194.2)</b>

**Table 17**  
**GOVERNOR'S PROPOSED FY 2000-01 TAX CUTS**  
(millions of dollars)

<b>Proposed Tax Cuts</b>	<b>GF/GP</b>	<b>SAF</b>	<b>Total</b>
<u>Income Tax</u>			
Rate Cut One-Year Acceleration .....	\$(46.9)	\$0.0	\$(46.9)
Increase & Expand Child Exemption .....	(26.5)	0.0	(26.5)
Increase Extra Senior Exemption .....	(27.5)	0.0	(27.5)
Increase Disabled Property Tax Credit .....	(4.8)	0.0	(4.8)
Agriculture Tax Reduction (P.A. 116) .....	(7.2)	0.0	(7.2)
Repeal Tuition Tax Credit .....	22.0	0.0	22.0
Total .....	(90.9)	0.0	(90.9)
<u>Single Business Tax (SBT)</u>			
Increase SBT Invest. Tax Credit .....	(16.7)	0.0	(16.7)
Brownfield Tax Reduction .....	(19.0)	(0.3)	(19.3)
Expanded MEGA - Gold Collar .....	(2.5)	0.0	(2.5)
Total .....	(38.2)	(0.3)	(38.5)
<u>State Education Tax</u>			
Agriculture, Property Tax, Use Valuation & Other .....	0.0	(13.7)	(13.7)
Total .....	0.0	(13.7)	(13.7)
<b>Total .....</b>	<b>\$(129.1)</b>	<b>\$(14.0)</b>	<b>\$(143.1)</b>





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## **DEPARTMENTS/BUDGET AREAS**

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**DEPARTMENT OF AGRICULTURE**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	599.5	643.5	44.0	7.3
<b>GROSS .....</b>	<b>91,750,000</b>	<b>100,671,600</b>	<b>8,921,600</b>	<b>9.7</b>
Less:				
Interdepartmental Grants Received .....	8,571,900	9,680,800	1,108,900	12.9
<b>ADJUSTED GROSS .....</b>	<b>83,178,100</b>	<b>90,990,800</b>	<b>7,812,700</b>	<b>9.4</b>
Less:				
Federal Funds .....	5,249,900	6,037,000	787,100	15.0
Local and Private .....	871,900	1,121,900	250,000	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>77,056,300</b>	<b>83,831,900</b>	<b>6,775,600</b>	<b>8.8</b>
Less:				
Other State Restricted Funds .....	31,172,400	33,362,100	2,189,700	7.0
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>45,883,900</b>	<b>50,469,800</b>	<b>4,585,900</b>	<b>10.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>1,400,000</b>	<b>3,100,000</b>	<b>1,700,000</b>	<b>0.0</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. BOVINE TUBERCULOSIS SURVEILLANCE AND ERADICATION**

The Governor's budget includes funding for bovine tuberculosis surveillance and eradication. Since FY 1997-98, \$10,387,000 Gross, \$500,000 Restricted, and \$9,887,000 GF/GP have been appropriated to address the bovine tuberculosis problem; from these amounts, approximately \$2,500,000 has been spent. The FY 2000-01 recommendation recognizes bovine tuberculosis as an ongoing problem, one that is likely to take several years to resolve.

FTEs	29.0
Gross	3,400,000
GF/GP	3,400,000

**B. ENVIRONMENTAL TECHNOLOGY RESEARCH GRANT**

The Governor's recommendation eliminates a grant that is awarded to the Michigan Biotechnology Institute (MBI). The funds are used to develop and implement technologies for producing environmentally safe products and biodegradable chemicals, for use in environmental cleanup, and for waste stream minimization in Michigan.

Gross	(1,500,000)
GF/GP	(1,500,000)

**C. ENVIRONMENTAL ASSURANCE PROGRAM**

Funding is included in the Governor's proposed budget for the development of a new program that would serve as an alternative to the Federal Environmental Protection Agency program that would require the permitting of large livestock operations. The proposed alternative program would assist to livestock producers voluntarily to assess environmental and public health risks, and to develop action plans to minimize those risks.

FTEs	7.0
Gross	570,000
GF/GP	570,000

**D. INFORMATION TECHNOLOGY**

The Governor recommends new funding for improving the Department's information technology. Among technology improvements that might be supported with the proposed funding are the development of electronic, web-based licensing and complaint handling when inspections are not required, better consumer information on the Internet, geographic mapping of food safety incidents, and reduction of paper processing.

Gross	500,000
GF/GP	500,000

**E. PESTICIDE AND PLANT PEST MANAGEMENT**

Additional funding is proposed in the Governor’s budget for the following initiatives:

<b>1. Bulk Storage Inspections</b>	FTEs	2.0
	Gross	150,000
	GF/GP	150,000
<p>The Department is responsible for the regulation of commercial bulk storage of pesticides and fertilizers, and has proposed rules to implement on-farm containment of bulk liquid fertilizer storage. The budget includes funds that would support the costs of increased responsibility for bulk pesticide and fertilizer storage monitoring and compliance assistance.</p>		

<b>2. Pesticide Inspections</b>	FTEs	5.0
	Gross	536,000
	Federal	536,000
	GF/GP	0
<p>Additional Federal funds are available and included in the Governor’s budget recommendation for pesticide inspection activities. The Federal funds would support increased pesticide sale and use data collection, marketplace inspections, and regulation of pesticide sale and use in urban communities, as well as testing the efficacy and ingredient components of antimicrobial pesticides.</p>		

<b>F. PROGRAM ELIMINATIONS</b>	Gross	(305,000)
	GF/GP	(305,000)

The Governor eliminates a number of “one-time” General Fund appropriations, including \$20,000 that supported a State donation to a national effort to file an antidumping petition with the United States Department of Commerce against suppliers of below-cost apple juice concentrate, and \$285,000 for expanded educational programming at the Kettunen Center, which is owned and operated by the Michigan 4H Foundation, and serves as the State’s 4H volunteer leadership and youth programs training center.

<b>G. GEAGLEY LABORATORY UTILITIES</b>	Gross	124,400
	GF/GP	124,400

The Governor’s budget includes funds to cover the projected increase in utility costs at the Geagley Laboratory after renovations are completed.

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**H. AGRICULTURE EQUINE INDUSTRY DEVELOPMENT FUND**

Annual revenue to Agriculture Equine Industry Development Fund (AEIDF) is projected to be greater than the \$11,500,000 currently appropriated from this source. The Governor's budget recommendation includes adjustments to appropriations supported by the AEIDF to reflect the anticipated increase in revenue. From the increased funds, the Governor proposes the use of \$625,000 for Office of the Racing Commissioner operations and regulatory enhancements that would prevent the need to reduce racing dates. Also proposed is \$50,000 for drug testing of horses racing at fairs. The remaining increased AEIDF amounts would be distributed to the various racing-related appropriations.

Gross	1,507,800
Restricted	1,507,800
GF/GP	0

**I. LOCAL PUBLIC HEALTH OPERATIONS**

The Governor's budget provides a base adjustment and a 3% economic increase for the appropriation that supports local health department food service sanitation activities, bringing total grant funding for these purposes to \$8,977,500.

Gross	1,089,200
IDG	1,089,200
GF/GP	0

**J. OTHER ISSUES**

Other changes proposed by the Governor include adjustments to reflect the availability of various Federal, private, and State restricted sources of financing, including recognition of increased available revenue from the Michigan and the Upper Peninsula State Fairs.

FTEs	1.0
Gross	900,800
Federal	250,000
Private	250,000
Restricted	402,800
GF/GP	(2,000)

**K. UNCLASSIFIED SALARIES**

No adjustment in the unclassified salary appropriation is proposed.

Gross	0
GF/GP	0

**L. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	1,948,400
IDG	19,700
Federal	1,100
Restricted	279,100
GF/GP	1,648,500

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

Item	Gross	GF/GP
Salaries and wages	\$832,200	\$715,000
Insurance	377,600	324,400
Retirement	775,000	665,800
Building occupancy	(180,300)	(180,300)
Other	143,900	123,600
Total	\$1,948,400	\$1,648,500

**M. FY 1999-2000 SUPPLEMENTALS**

The Governor recommends supplemental appropriations of \$1,001,700 from the Agriculture Equine Industry Development Fund (AEIDF) for horse racing programs and the Office of the Racing Commissioner. As described in Item H above, annual AEIDF revenue is projected to be greater than current appropriations from that source. The proposed supplemental would bring total AEIDF appropriations to \$12,501,700 in FY 1999-2000.

**DEPARTMENT OF ATTORNEY GENERAL**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	569.0	586.0	17.0	3.0
<b>GROSS .....</b>	<b>55,132,300</b>	<b>60,686,700</b>	<b>5,554,400</b>	<b>10.1</b>
Less:				
Interdepartmental Grants Received .....	8,686,800	10,018,900	1,332,100	15.3
<b>ADJUSTED GROSS .....</b>	<b>46,445,500</b>	<b>50,667,800</b>	<b>4,222,300</b>	<b>9.1</b>
Less:				
Federal Funds .....	6,401,700	6,816,000	414,300	6.5
Local and Private .....	1,106,800	1,149,200	42,400	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>38,937,000</b>	<b>42,702,600</b>	<b>3,765,600</b>	<b>9.7</b>
Less:				
Other State Restricted Funds .....	6,858,200	7,534,500	676,300	9.9
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>32,078,800</b>	<b>35,168,100</b>	<b>3,089,300</b>	<b>9.6</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>



**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. TECHNOLOGY IMPROVEMENTS**

Gross	921,400
GF/GP	921,400

Public Act 69 of 1999 (FY 1998-99 Supplemental) included \$2,300,000 to fund technology improvements for the Department of Attorney General. The funding was used for network software, increased computer speed, workstation upgrades, network fax capabilities, desktop scanners, printers, and other improvements. The Governor's recommendation includes funding to cover ongoing costs related to technology enhancements funded by the supplemental. The funding would be used for the Department of Management and Budget (DMB) standard e-mail and software, legal research, cellular phone service, voice mail, servers, and additional laptop and desktop computers.

**B. CHILD ABUSE AND NEGLECT CASES**

FTE	10.0
Gross	767,200
IDG	767,200
GF/GP	0

The Department of Attorney General provides legal representation to the Wayne County Office of the Family Independence Agency (FIA) in child abuse and neglect cases. The current budget for the division that handles these cases includes 15.0 FTE positions and \$1,691,500. Due to the rising caseload related to appeals, court hearings, and permanent custody petitions, the Governor's budget includes funding for seven additional attorneys and three additional secretaries. The positions are funded by an interdepartmental grant (IDG) from the FIA. However, funding in the FIA budget for this program is supported by approximately 50/50 Federal and State General Fund dollars.

**C. SOUTHEASTERN MICHIGAN MONEY LAUNDERING - FINANCIAL CRIMES UNIT**

FTE	3.0
Gross	531,100
Federal	265,600
GF/GP	265,500

Public Act 137 of 1999 included FY 1998-99 supplemental funding for the Southeastern Michigan Office of the Financial Crimes Unit. Federal approval of the Byrne Grant funding for this unit was not finalized until the beginning of FY 1999-2000; therefore, the appropriation was carried forward into the current fiscal year. The Unit investigates and prosecutes sophisticated financial crimes and also provides assistance and training to local law enforcement agencies. The Southeastern Michigan Unit covers the following counties: Wayne, Oakland, Macomb, Monroe, and Washtenaw.

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**D. ENVIRONMENTAL COST RECOVERY CASES**

The Department of Attorney General provides legal services to the Department of Environmental Quality. Pursuant to statute, costs of environmental response actions are the responsibility of those defined as liable. Due to an increasing workload, the Governor's recommendation includes funding for additional legal staff. The cost of this adjustment is partially offset by reductions noted under Item F.

FTE	6.0
Gross	610,000
Restricted	610,000
GF/GP	0

**E. HEALTH REGULATORY FUND**

The Department's current budget includes 10 positions and \$907,700 associated with legal services related to licensing issues of health care professionals. The costs are funded by an IDG from the Department of Consumer and Industry Services. The FY 2000-01 budget includes funding for an additional attorney and clerical position due to workload increases.

FTE	2.0
Gross	175,300
IDG	175,300
GF/GP	0

**F. OTHER ISSUES**

The budget includes reductions to funding sources for the Department of Natural Resources Unit related to actual workload.

FTE	(4.0)
Gross	(355,800)
Federal	(125,300)
Restricted	(230,500)
GF/GP	0

**G. UNCLASSIFIED SALARIES**

The Governor's recommendation for the line item that funds 5.0 FTE unclassified positions includes a 3.0% increase, from \$444,500 to \$457,800.

Gross	13,300
GF/GP	13,300

**H. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	2,891,900
IDG	389,600
Federal	274,000
Private	42,400
Restricted	296,800
GF/GP	1,889,100

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

Item	Gross	GF/GP
Salaries	\$940,900	\$545,300
Insurance	431,900	217,900
Retirement (defined benefit)	722,200	446,800
Retirement (defined contribution)	273,100	155,300
Workers' Compensation	2,900	2,900
Building Occupancy Charges	520,900	520,900
Total	\$2,891,900	\$1,889,100

# CAPITAL OUTLAY

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	N/A	N/A	N/A	N/A
<b>GROSS .....</b>	<b>441,883,700</b>	<b>471,994,800</b>	<b>30,111,100</b>	<b>6.8</b>
Less:				
Interdepartmental Grants Received .....	5,500,000	7,000,000	1,500,000	27.3
<b>ADJUSTED GROSS .....</b>	<b>436,383,700</b>	<b>464,994,800</b>	<b>28,611,100</b>	<b>6.6</b>
Less:				
Federal Funds .....	91,087,800	99,361,000	8,273,200	9.1
Local and Private .....	12,871,000	17,372,000	4,501,000	35.0
<b>TOTAL STATE SPENDING .....</b>	<b>332,424,900</b>	<b>348,261,800</b>	<b>15,836,900</b>	<b>4.8</b>
Less:				
Other State Restricted Funds .....	54,500,100	35,447,200	(19,052,900)	(35.0)
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>277,924,800</b>	<b>312,814,600</b>	<b>34,889,800</b>	<b>12.6</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>34,267,313</b>	<b>28,770,000</b>	<b>(5,497,313)</b>	<b>(16.0)</b>

**A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS RECOMMENDED IN GOVERNOR'S FY 2000-01 BUDGET**

As part of the negotiations for finalizing FY 1999-2000 capital outlay appropriations, an agreement was reached between legislative leadership and the Governor to enact a two-year capital outlay bill. Consequently, Public Act 265 of 1999 was signed into law on December 29, 1999, containing appropriations for capital outlay for both fiscal years 1999-2000 and 2000-01. No new construction or planning projects were included in the FY 2000-01 recommendation. The following are the major components of the FY 2000-01 appropriation:

**1. State Agency Special Maintenance**

The Legislature provided \$25,000,000 for State agency special maintenance projects including \$9,000,000 for the Department of Corrections, \$7,000,000 for unspecified State agency projects, \$3,000,000 for the Department of Management and Budget, and \$2,500,000 for the Department of Community Health.

Gross	1,922,900
Restricted	(500,000)
GF/GP	2,422,900

**2. Department of Military Affairs**

The appropriation includes \$2,750,200 for armory maintenance projects and \$4,500,000 for a new Midland maintenance shop.

Gross	1,142,000
Restricted	2,121,200
GF/GP	(979,200)

**3. Department of Natural Resources**

The Legislature provided \$23,192,200 for a number of maintenance and construction projects at State Parks, State harbors and docks, and boating access sites.

Gross	(10,077,900)
Restricted	(10,077,900)
GF/GP	0

**4. Airport Improvement Projects**

The appropriation includes \$129,648,000 for a number of airport improvement projects Statewide including \$11,300,000 for continuation of the Northwest Airlines Midfield terminal project at Detroit Metro Airport, and \$5,000,000 for projects at Detroit Willow Run airport.

Gross	14,808,000
Restricted	8,408,000
GF/GP	6,400,000

		<b>FY 2000-01 Change from FY 1999-2000 <u>Year-to-Date</u></b>	
<b>5.</b>	<b>Department of Transportation</b>	Gross	(1,980,000)
		Restricted	(1,980,000)
		GF/GP	0
	The Legislature provided \$9,970,000 for routine maintenance and construction projects for repair, maintenance, and storage facilities operated by the Department of Transportation.		
<b>6.</b>	<b>State Building Authority Rent</b>	Gross	24,297,700
		Restricted	(2,750,000)
		GF/GP	27,047,700
	The appropriation includes \$276,934,600 for rent payments to the State Building Authority to be used to make debt service payments for past building projects for State agencies, colleges, and universities.		

**DEPARTMENT OF CAREER DEVELOPMENT**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	1,066.0	1,145.0	79.0	7.4
<b>GROSS .....</b>	<b>515,904,700</b>	<b>521,954,400</b>	<b>6,049,700</b>	<b>1.2</b>
Less:				
Interdepartmental Grants Received .....	1,047,000	1,048,000	1,000	0.1
<b>ADJUSTED GROSS .....</b>	<b>514,857,700</b>	<b>520,906,400</b>	<b>6,048,700</b>	<b>1.2</b>
Less:				
Federal Funds .....	400,323,300	468,818,800	68,495,500	17.1
Local and Private .....	13,474,900	17,633,200	4,158,300	30.9
<b>TOTAL STATE SPENDING .....</b>	<b>101,059,500</b>	<b>34,454,400</b>	<b>(66,605,100)</b>	<b>(65.9)</b>
Less:				
Other State Restricted Funds .....	79,920,300	10,495,800	(69,424,500)	(86.9)
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>21,139,200</b>	<b>23,958,600</b>	<b>2,819,400</b>	<b>13.3</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>75,000,000</b>	<b>0</b>	<b>(75,000,000)</b>	<b>(100.0)</b>

**FY 2000-01  
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**A. MICHIGAN COMMUNITY SERVICE COMMISSION**

The Governor recommends a General Fund increase to support three new FTE positions, some additional limited-term staff, and an increase in rent pending a possible move.

FTE	3.0
Gross	434,000
GF/GP	434,000

**B. WORKFORCE INVESTMENT ACT ADMINISTRATION**

This act created a Federal block grant for most of the Federally funded job training programs. As a result of the block grant, funding for administrative support was reduced. The Governor recommends an increase in Federal and GF/GP funding to maintain the current level of services.

Gross	498,800
Federal	198,800
GF/GP	300,000

**C. CENTERS FOR INDEPENDENT LIVING**

The Governor recommends a GF/GP increase for this grant program which provides funding to these centers, which provide advocacy assistance and information referral for disabled individuals to live independently. This would bring the Gross appropriation to \$2,865,700 of which \$1,895,500 is funded with GF/GP dollars.

Gross	500,000
GF/GP	500,000

**D. OTHER ISSUES**

The Governor recommends technical adjustments to account for various funding changes in Federal, restricted, and local fund sources.

Gross	2,089,000
Federal	(555,500)
Restricted	(587,700)
Local/Private	3,750,000
GF/GP	(517,800)

**E. PROGRAM TRANSFERS**

**1. Adult Education**

Executive Order (E.O.) 1999-12 transferred the administration of the adult, technical, and vocational education programs from the Department of Education to the Department of Career Development

FTE	64.0
Gross	68,207,600
Federal	66,371,600
Restricted	100,000
Private	268,300
GF/GP	1,467,700



**FY 2000-01  
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**2. Employment Service Agency Staff**

The Governor recommends transferring back the Employment Service Agency staff that were located in the Strategic Fund Agency, pursuant to E.O. 1999-1, to provide administrative support to the Economic Development Job Training Grant Program. Recommended changes in the program would no longer require these additional positions.

FTE 6.0  
Gross 530,000  
Federal 530,000  
GF/GP 0

**F. UNCLASSIFIED SALARIES**

The Governor recommends a 2% increase for the unclassified salaries line item.

Gross 10,700  
GF/GP 10,700

**G. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross 2,779,600  
Federal 1,950,600  
Restricted 63,200  
Local Private 140,000  
IDG 1,000  
GF/GP 624,800

Item	Gross	GF/GP
Salaries and Wages	\$1,119,200	\$152,100
Insurance	507,800	70,800
Retirement	795,000	95,800
Other	357,600	306,100
Total	\$2,779,600	\$624,800

**H. TOBACCO SETTLEMENT**

**1. Council of Michigan Foundations**

The Governor recommends grant funding for the Council of Michigan Foundations; the funding then would be distributed to local councils to address youth and senior needs.

Gross 6,000,000  
Restricted 6,000,000  
GF/GP 0

		FY 2000-01 Change from FY 1999-2000 <u>Year-to-Date</u>	
2.	<b>Michigan Technical Education Centers</b>	Gross	(75,000,000)
		Restricted	(75,000,000)
		GF/GP	0
	The one-time funding for Michigan technical education centers is not included in the Governor's budget.		

**DEPARTMENT OF CIVIL RIGHTS**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	166.5	166.5	0.0	0.0
<b>GROSS .....</b>	<b>14,623,300</b>	<b>15,272,500</b>	<b>649,200</b>	<b>4.4</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>14,623,300</b>	<b>15,272,500</b>	<b>649,200</b>	<b>4.4</b>
Less:				
Federal Funds .....	1,634,000	934,000	(700,000)	(42.8)
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>12,989,300</b>	<b>14,338,500</b>	<b>1,349,200</b>	<b>10.4</b>
Less:				
Other State Restricted Funds .....	0	0	0	0.0
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>12,989,300</b>	<b>14,338,500</b>	<b>1,349,200</b>	<b>10.4</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. REPLACEMENT OF EEOC FUNDS**

The Governor requests a funding shift due to a reduction of Federal Equal Employment Opportunity Commission (EEOC) funding as a result of lowered caseload backlog. The Department does not qualify for the same level of Federal funding because many of the cases and complaints it handles no longer meet the Federal definition of "qualifying" cases. The Governor is also recommending an FY 1999-2000 supplemental for this item.

Gross	0
Federal	(700,000)
GF/GP	700,000

**B. UNCLASSIFIED SALARIES**

The budget increases the line item that funds 5.0 unclassified positions by 12.4%, from \$331,100 to \$371,100.

Gross	41,000
GF/GP	41,000

**C. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	608,200
GF/GP	608,200

Item	Gross	GF/GP
Salaries	\$214,500	\$214,500
Insurance	109,300	109,300
Retirement	224,400	224,400
Workers' Compensation	1,000	1,000
Building Occupancy	59,000	59,000
Total	\$608,200	\$608,200

**D. FY 1999-2000 SUPPLEMENTALS**

The Governor requests a \$750,000 GF/GP supplemental appropriation for the current fiscal year to accommodate a reduction of EEOC funding as a result of lowered caseload backlog. The Department does not qualify for the same level of Federal funding because many of the cases and complaints it handles no longer meet the Federal definition of "qualifying" cases.

**DEPARTMENT OF CIVIL SERVICE**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	230.5	230.5	0.0	0.0
<b>GROSS .....</b>	<b>28,585,500</b>	<b>30,405,600</b>	<b>1,820,100</b>	<b>6.4</b>
Less:				
Interdepartmental Grants Received .....	2,300,000	3,300,000	1,000,000	43.5
<b>ADJUSTED GROSS .....</b>	<b>26,285,500</b>	<b>27,105,600</b>	<b>820,100</b>	<b>3.1</b>
Less:				
Federal Funds .....	4,779,100	4,779,100	0	0.0
Local and Private .....	1,850,000	1,850,000	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>19,656,400</b>	<b>20,476,500</b>	<b>820,100</b>	<b>4.2</b>
Less:				
Other State Restricted Funds .....	8,859,200	9,257,600	398,400	4.5
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>10,797,200</b>	<b>11,218,900</b>	<b>421,700</b>	<b>3.9</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. TRAINING REVENUES**

The Governor recommends an increase to reflect the additional training revenues that Civil Service will receive from other departments.

Gross	1,000,000
IDG	1,000,000
GF/GP	0

**B. DATA SERVICES REVENUE**

The Governor proposes elimination of this revenue source since the Department no longer performs this function. This source of revenue was collected from institutions (e.g., universities) for which Civil Service provided copying services.

Gross	(8,100)
Restricted	(8,100)
GF/GP	0

**C. STATE OFFICERS COMPENSATION COMMISSION (SOCC) ETHICS BOARD**

The Governor recommends an increase for this item so that the Department can pay for newspaper public meeting announcements and pay for rental of the rooms used for the meetings.

Gross	15,000
GF/GP	15,000

**D. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	813,200
Restricted	406,500
GF/GP	406,700

Item	Gross	GF/GP
Salaries	\$301,600	\$150,800
Insurance	146,300	73,200
Retirement	277,600	138,800
Workers' Compensation	22,500	11,300
Building Occupancy	65,200	32,600
Total	\$813,200	\$406,700

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**E. FY 1999-2000 SUPPLEMENTALS**

The Governor requests a \$1,200,000 GF/GP supplemental appropriation to complete the third and final phase of the installation for the Human Resources Management Network (HRMN).



**COMMUNITY COLLEGES**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	N/A	N/A	N/A	N/A
<b>GROSS .....</b>	<b>297,228,019</b>	<b>316,198,478</b>	<b>18,970,459</b>	<b>6.4</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>297,228,019</b>	<b>316,198,478</b>	<b>18,970,459</b>	<b>6.4</b>
Less:				
Federal Funds .....	0	0	0	0.0
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>297,228,019</b>	<b>316,198,478</b>	<b>18,970,459</b>	<b>6.4</b>
Less:				
Other State Restricted Funds .....	0	10,000,000	10,000,000	0.0
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>297,228,019</b>	<b>306,198,478</b>	<b>8,970,459</b>	<b>3.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>297,228,019</b>	<b>316,198,478</b>	<b>18,970,459</b>	<b>6.4</b>

**A. TUITION RESTRAINT REDUCTIONS**

1.	Pursuant to legislative intent language in the current-year appropriation bill for community colleges, the Governor recommends a 1.5% reduction in operations funding for each community college that raised tuition for the 1999-2000 school year by more than 3.0%. Three colleges raised tuition above 3.0%: Gogebic Community College, Monroe County Community College, and Wayne County Community College.	Gross	(369,285)
		GF/GP	(369,285)
2.	These reductions (from Item A.1.) are then redistributed to all other community colleges according to the Gast/Mathieu fairness in funding formula. This distribution is described in <u>Table 1</u> .	Gross	369,285
		GF/GP	369,285

**B. OPERATIONS INCREASE**

The Governor is recommending a 3.0% increase for college operations distributed as 1.5% across-the-board, and 1.5% through the Gast/Mathieu formula. The combination of the tuition restraint proposal and the operations increase results in a range of funding increases for colleges from a low of 0.0% at Wayne County Community College, to a high of 6.5% at Southwestern Michigan College. The allocation of the Governor's recommendation for each college is described in Table 1.

Gross	8,798,249
GF/GP	8,798,249

**C. AT-RISK STUDENT SUCCESS PROGRAM**

The Governor's budget recommendation includes a 3.0% increase for the At-Risk Student Success Program. This program is designed to address the needs of students who test at a level which indicates that they will have difficulty achieving academic success at the postsecondary level. The funds for the program are distributed based on a base amount of \$40,000 for each school, with the balance distributed based on a three-year average of the number of student contact hours reported for developmental and preparatory instruction. Consistent with prior years, the funds may also be used for the acquisition or upgrade of technology related or unrelated to established At-Risk programs.

Gross	107,537
GF/GP	107,537

**FY 2000-01  
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**D. RENAISSANCE ZONE REIMBURSEMENTS**

Gross	64,673
GF/GP	64,673

The budget recommendation reflects the anticipated increase in expenditures to reimburse community colleges for revenue lost as a result of renaissance zone legislation, Public Act 376 of 1996. Funds are recommended to be distributed based on data collected and analyzed by the Department of Treasury.

**E. TOBACCO SETTLEMENT**

Gross	10,000,000
Restricted	10,000,000
GF/GP	0

The Governor's recommendation includes a new program to implement proposals made by the Lieutenant Governor's Commission on Financing Postsecondary Education. The program reportedly will provide tuition for recent high school graduates enrolling at a community college or pursuing an associate degree at a State university, whose family income is \$40,000 or less. The program is to be financed from the Tobacco Settlement Trust Fund.

**F. FY 1999-2000 SUPPLEMENTALS**

N/A

The Governor has recommended a \$5,600,000 or 2.0%, across-the-board FY 1999-2000 supplemental increase for each community college to fund infrastructure, technology, equipment, or maintenance. This is the same amount enacted in Public Act 69 of 1999, an FY 1998-99 supplemental, for the same purpose. The distribution in P.A. 69, however, was calculated by using a base amount for each college, and the balance distributed based on the total square footage of a college's buildings.

Table 1

Governor's Recommendation FY 2000-2001 Community College Funding								
College	A FY 1999-2000 Appropriations	B Tuition Restraint Reduction <sup>a)</sup>	C Tuition Restraint Redistribution <sup>b)</sup>	D 1.5% Across- the-Board	E 1.5% by Formula <sup>c)</sup>	F Total (A+B+C+D+E)	G Dollar Change	H Percent Change
Alpena	\$4,888,284	\$0	\$8,972	\$73,324	\$102,996	\$5,073,576	\$185,292	3.79%
Bay de Noc	4,632,634	0	12,484	69,490	143,308	4,857,916	225,282	4.86%
Delta	13,833,091	0	15,179	207,496	174,248	14,230,015	396,923	2.87%
Glen Oaks	2,202,658	0	8,053	33,040	92,450	2,336,201	133,543	6.06%
Gogebic	4,133,732	(62,006)	0	62,006	22,423	4,156,155	22,423	0.54%
Grand Rapids	17,825,016	0	0	267,375	0	18,092,391	267,375	1.50%
Henry Ford	20,840,833	0	37,858	312,612	434,596	21,625,899	785,066	3.77%
Jackson	11,976,753	0	2,024	179,651	23,237	12,181,665	204,912	1.71%
Kalamazoo Valley	11,379,143	0	40,543	170,687	465,411	12,055,784	676,641	5.95%
Kellogg	9,107,407	0	23,833	136,611	273,594	9,541,445	434,038	4.77%
Kirtland	2,921,692	0	0	43,825	0	2,965,517	43,825	1.50%
Lake Michigan	4,891,111	0	13,550	73,367	155,546	5,133,574	242,463	4.96%
Lansing	29,830,816	0	42,342	447,462	486,072	30,806,692	975,876	3.27%
Macomb	32,525,228	0	16,845	487,878	193,376	33,223,327	698,099	2.15%
Mid Michigan	4,121,108	0	12,330	61,817	141,549	4,336,803	215,696	5.23%
Monroe	4,008,744	(60,131)	0	60,131	137,473	4,146,217	137,473	3.43%
Montcalm	3,035,945	0	2,445	45,539	28,068	3,111,997	76,052	2.51%
Mott	15,239,321	0	14,634	228,590	167,997	15,650,542	411,221	2.70%
Muskegon	8,672,227	0	8,764	130,083	100,604	8,911,679	239,451	2.76%
North Central	2,925,285	0	3,759	43,879	43,150	3,016,074	90,788	3.10%
Northwestern	8,641,489	0	18,978	129,622	217,854	9,007,943	366,454	4.24%
Oakland	20,747,107	0	0	311,207	0	21,058,313	311,207	1.50%
St. Clair	6,804,650	0	6,977	102,070	80,093	6,993,790	189,140	2.78%
Schoolcraft	11,786,439	0	18,504	176,797	212,417	12,194,156	407,718	3.46%
Southwestern	6,028,283	0	24,299	90,424	278,939	6,421,945	393,662	6.53%
Washtenaw	11,563,090	0	35,218	173,446	404,283	12,176,037	612,947	5.30%
Wayne County	16,476,511	(247,148)	0	247,148	0	16,476,511	0	0.00%
West Shore	2,236,399	0	1,694	33,546	19,440	2,291,079	54,680	2.45%
<b>Subtotal</b>	<b>\$293,274,995</b>	<b>(\$369,285)</b>	<b>\$369,285</b>	<b>\$4,399,125</b>	<b>\$4,399,124</b>	<b>\$302,073,244</b>	<b>\$8,798,249</b>	<b>3.00%</b>
At Risk	3,584,566					3,692,103	107,537	3.00%
Renaissance Zone Reimburse.	368,458					433,131	64,673	17.55%
Postsecondary Finance Rec. <sup>d)</sup>						10,000,000	10,000,000	
<b>Total Funding</b>	<b>\$297,228,019</b>	<b>(\$369,285)</b>	<b>\$369,285</b>	<b>\$4,399,125</b>	<b>\$4,399,124</b>	<b>\$316,198,478</b>	<b>\$18,970,459</b>	<b>6.38%</b>

<sup>a)</sup> A 1.5% reduction to the FY 1999-2000 base appropriation for each college that raised tuition above 3.0%  
<sup>b)</sup> Redistributed using the Gast/Mathieu formula for each college that did not raise tuition above 3.0%  
<sup>c)</sup> Distributed according to the Gast/Mathieu formula  
<sup>d)</sup> A new tuition assistance program to be funded from the Tobacco Settlement Trust Fund; distribution to be determined

**DEPARTMENT OF COMMUNITY HEALTH**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	6,130.3	6,258.1	127.8	2.1
<b>GROSS .....</b>	<b>8,152,205,200</b>	<b>8,397,586,600</b>	<b>245,381,400</b>	<b>3.0</b>
Less:				
Interdepartmental Grants Received .....	69,609,900	72,087,300	2,477,400	3.6
<b>ADJUSTED GROSS .....</b>	<b>8,082,595,300</b>	<b>8,325,499,300</b>	<b>242,904,000</b>	<b>3.0</b>
Less:				
Federal Funds .....	4,188,318,300	4,380,058,900	191,740,600	4.6
Local and Private .....	876,009,500	959,759,700	83,750,200	9.6
<b>TOTAL STATE SPENDING .....</b>	<b>3,018,267,500</b>	<b>2,985,680,700</b>	<b>(32,586,800)</b>	<b>(1.1)</b>
Less:				
Other State Restricted Funds .....	382,122,500	348,689,500	(33,433,000)	(8.7)
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>2,636,145,000</b>	<b>2,636,991,200</b>	<b>846,200</b>	<b>0.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>1,086,316,500</b>	<b>1,077,139,200</b>	<b>(9,177,300)</b>	<b>(0.8)</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. MENTAL HEALTH**

1.	The Governor's budget includes a transfer in financial responsibility for psychotropic pharmaceutical costs from the Qualified Health Plans (QHPs) to the Community Mental Health (CMH) boards. This transfer is funded by using \$3,500,000 GF/GP in CMH non-Medicaid "formula" funding to generate additional Federal Medicaid match revenue.	Gross	4,600,000
		Federal	4,600,000
		GF/GP	0
2.	The Governor's budget assumes savings in the CMH Medicaid managed mental health care program due to a policy change. Retroactive payments for CMH services provided to Medicaid clients who have not yet gained eligibility would be reimbursed by the State on a fee-for-service basis rather than through ex post facto capitation payments to CMH. This would bring policy for Medicaid managed mental health care payments in line with Medicaid physical managed care payments. Additionally, the budget includes boilerplate language authorizing the Department to implement a competitive bid system for all services currently provided by CMHs upon approval by the Federal Health Care Financing Administration.	Gross	(34,647,600)
		Federal	(19,465,000)
		GF/GP	(15,182,600)
3.	Increased funding and staff are included in the Governor's proposal to reflect the anticipated census at State mental health facilities.	FTE	119.0
		Gross	4,000,000
		Local	4,000,000
		GF/GP	0

**B. LOCAL PUBLIC HEALTH**

The Governor proposes a 3% increase for the local public health operations appropriation, which provides funding to local health departments for eight key public health services: immunizations, sexually transmitted disease control, communicable disease control, hearing screening, vision screening, food service sanitation, public and private water supply, and on-site sewage management. The proposed increase would bring total funding for this program to \$41,070,200 GF/GP.

Gross	1,196,200
GF/GP	1,196,200

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**C. HEALTHY MICHIGAN FUND (HMF)**

The Governor proposes several changes to programs funded through the Healthy Michigan Fund. A number of FY 1999-2000 HMF-funded programs that were designated as one-time appropriations are removed from the Governor's proposed FY 2000-01 budget, for a saving of \$1,720,000 Gross and HMF. The Governor also proposes a number of new or expanded HMF-funded initiatives, including projects related to asthma, obesity, colorectal cancer, diabetes, and sudden infant death syndrome, at a cost of \$3,870,000 Gross and HMF.

Gross	2,150,000
Restricted	2,150,000
GF/GP	0

**D. FEDERAL MEDICAID MATCH RATE INCREASE**

The rate at which Federal funds "match" State expenditures for Medicaid services will again increase for FY 2000-01. This increase, from 55.11% to 56.18%, will result in a sizeable GF/GP saving.

Gross	0
Federal	62,677,400
GF/GP	(62,677,400)

**E. MEDICAID SPECIAL FINANCING**

Certain changes in Federal regulations will permit the State slightly to increase GF/GP savings realized from various Medicaid special financing mechanisms.

Gross	63,209,200
Federal	31,902,500
Local	84,510,000
Restricted	(40,640,800)
GF/GP	(12,562,500)

**F. MEDICAID BASE ADJUSTMENTS**

The Governor includes a negative net adjustment to the Medicaid accounts, with total savings of \$7,441,800 Gross; \$3,261,000 GF/GP. The Governor also includes funding for a slight increase in the Adult Home Help program caseload and a significant caseload and cost-related increase for the Children's Special Health Care Services program.

Gross	13,163,000
Federal	5,206,300
GF/GP	7,956,700

**G. MEDICAID DISCRETIONARY INFLATION**

The Governor recognizes and maintains the 4% discretionary inflation given for FY 2000-01 to Hospitals, Physicians, and QHPs (qualified health plans) in Public Act 114 of 1999 (the FY 1999-2000 Department of Community Health budget). The budget also includes 4% discretionary increases for Home Health Services, Auxiliary Medical Services, and Long Term Care services.

Gross	133,373,100
Federal	74,929,000
GF/GP	58,444,100

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**H. MEDICAID PROGRAM CHANGES**

The Governor's budget recognizes the expiration of one-time funding for the Rural Health Initiative, for a savings of \$11,138,300 Gross and \$4,880,800 GF/GP. The Governor also proposes expansion of the Home and Community Based Waiver program to 15,000 slots, at a cost of \$53,652,000 Gross; \$24,236,000 GF/GP.

Gross	42,513,700
Federal	23,158,500
GF/GP	19,355,200

**I. ELDER PRESCRIPTION INSURANCE COVERAGE (EPIC)**

The Governor proposes implementing the EPIC program effective January 1, 2001, and includes a technical fund source adjustment reflecting the fact that premiums will not be collected by the State. This change is not a reduction in the program.

Gross	(15,000,000)
Private	(15,000,000)
GF/GP	0

**J. FEDERAL FUND SOURCE SHIFTS**

A number of new Federal grants are recognized in the Governor's budget. In addition, a fund source shift in the Family Support Subsidy program replaces all GF/GP dollars remaining in the program with Federal Temporary Assistance to Needy Families (TANF) funds, resulting in a GF/GP saving.

Gross	15,264,300
Federal	22,271,200
GF/GP	(7,006,900)

**K. OTHER ISSUES**

Other adjustments lead to a slight change in funding.

FTE	8.2
Gross	(747,200)
Federal	(5,520,300)
Private	3,199,300
Local	166,000
Restricted	720,200
GF/GP	688,200

**L. PROGRAM TRANSFERS**

The Governor's budget reflects the transfer of \$560,000 Gross and GF/GP to the Department of Consumer and Industry Services (DCIS). This transfer is intended to cover the costs created in the DCIS budget when licensing costs for AIS homes were removed in the mental health managed care waiver.

FTE	17.0
Gross	281,300
Federal	631,000
GF/GP	(349,700)



**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

The Governor's budget also reflects the transfer in of \$841,300 Gross; \$210,300 GF/GP; and 17.0 FTEs from the Family Independence Agency for the Title XIX Optical Character Reader staff. This staff processes Medicaid invoices and other Medicaid-related documents.

**M. FEE INCREASES**

The Governor's budget recognizes a 2.8% increase in the newborn screening fee tied to the Consumer Price Index. The budget also includes \$200,000 in new revenue from a proposed 15% increase in vital records fees.

Gross	389,200
Restricted	389,200
GF/GP	0

**N. UNCLASSIFIED SALARIES**

The unclassified line item is increased by 2.46%.

Gross	13,700
GF/GP	13,700

**O. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	24,877,800
IDG	2,477,400
Federal	3,626,700
Private	8,000
Local	6,866,900
Restricted	927,000
GF/GP	10,971,800

Item	Gross	GF/GP
Salaries and Wages	\$13,942,700	\$8,034,100
Insurance	3,733,300	933,300
Retirement	6,370,900	1,925,300
Workers' Compensation	(474,700)	(474,700)
Other	1,305,600	553,800
Total	\$24,877,800	10,971,800

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**P. TOBACCO SETTLEMENT**

The Governor's budget includes the shift of \$10,000,000 in Tobacco Settlement funds from the one-time Long Term Care Innovations Grants (with the loss of Federal match) to increase funding for the State and Local Indigent Medical Care Programs. The Governor's budget also includes a slight economic adjustment to the Long-Term Care Advisor line, as well as \$3,000,000 in additional Tobacco Settlement funding to support the EPIC program.

Gross	(9,255,300)
Federal	(12,276,700)
Restricted	3,021,400
GF/GP	0

**Q. FY 1999-2000 SUPPLEMENTALS**

The Governor's proposal includes FY 1999-2000 supplemental appropriations of \$11,700,000 Gross and \$2,800,000 GF/GP. This funding includes \$500,000 in Gross and Healthy Michigan Fund (HMF) funding for a diabetes outreach program at Wayne State University; \$7,000,000 Gross and \$1,750,000 GF/GP to implement data processing changes required by Federal law; and \$4,200,000 Gross and \$1,050,000 GF/GP to improve the Medicaid encounter data system.

# CONSUMER AND INDUSTRY SERVICES

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	4,148.4	4,218.9	70.5	1.7
<b>GROSS .....</b>	<b>495,233,500</b>	<b>521,735,700</b>	<b>26,502,200</b>	<b>5.4</b>
Less:				
Interdepartmental Grants Received .....	4,020,900	4,143,600	122,700	3.1
<b>ADJUSTED GROSS .....</b>	<b>491,212,600</b>	<b>517,592,100</b>	<b>26,379,500</b>	<b>5.4</b>
Less:				
Federal Funds .....	219,090,000	231,507,800	12,417,800	5.7
Local and Private .....	791,900	745,900	(46,000)	(5.8)
<b>TOTAL STATE SPENDING .....</b>	<b>271,330,700</b>	<b>285,338,400</b>	<b>14,007,700</b>	<b>5.2</b>
Less:				
Other State Restricted Funds .....	193,473,200	205,993,800	12,520,600	6.5
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>77,857,500</b>	<b>79,344,600</b>	<b>1,487,100</b>	<b>1.9</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>33,773,700</b>	<b>28,125,000</b>	<b>(5,648,700)</b>	<b>(16.7)</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

The Governor recommends a Federal increase in funding for 1,200 additional Section 8 subsidized housing certificates for families, seniors, and the disabled whose maximum household income does not exceed the area median income

Gross	4,950,000
Federal	4,950,000
GF/GP	0

**B. UNEMPLOYMENT AGENCY REMOTE CLAIMS FILING SYSTEM**

The Governor recommends an increase in Federal spending authority to reflect more accurately anticipated rent costs due to the implementation of this new claims filing system. The system is an automated phone-in system for filing unemployment claims that will replace the current local office system. This is a one-time increase for the cost of the three new centers.

Gross	3,728,500
Federal	2,000,000
Restricted	1,728,500
GF/GP	0

**C. STATE SURVEY AND REMONUMENTATION GRANTS**

The Governor recommends an increase in restricted funding spending authority to increase the placement of boundary corner markers throughout the State. Public Act 346 of 1990 requires the program to be completed by 2013.

Gross	500,000
Restricted	500,000
GF/GP	0

**D. CONSTRUCTION CODE INSPECTION FLEXIBILITY**

Due to increases in new construction throughout the State, the Governor is recommending an increase in restricted funding spending authority to provide the Department with additional flexibility in hiring limited term inspectors. There has been an increase of approximately 21% in applications for construction permits every year since 1991.

Gross	441,500
Restricted	441,500
GF/GP	0

**E. FINANCIAL INSTITUTIONS BUREAU INCREASES**

The Governor recommends increases for two different programs in this Bureau. The first is an increase in restricted funding spending authority and two FTE positions for credit union regulation, which has become more complex due to the newly expanded services being offered in this industry. The second is an increase in restricted funding spending authority and two FTE positions to address the expansions in the mortgage loan sector.

FTE	4.0
Gross	240,000
Restricted	240,000
GF/GP	0

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**F. OTHER ISSUES**

The Governor recommends adjustments for various Federal and restricted fund sources, adjustments for rent and building occupancy, and funding transfers from the Department of Community Health and Family Independence Agency.

Gross	1,238,100
Federal	(116,800)
Restricted	2,492,300
GF/GP	(1,391,400)

**G. UNCLASSIFIED SALARIES**

The Governor recommends a 9.75% increase for the unclassified salaries line item.

Gross	489,700
Restricted	41,800
GF/GP	447,900

**H. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	14,914,400
Federal	5,584,600
Restricted	6,776,500
IDG	122,700
GF/GP	2,430,600

Item	Gross	GF/GP
Salaries and wages	\$3,761,100	\$599,000
Insurance	2,529,200	407,600
Retirement	4,280,700	742,800
Other	4,343,400	681,200
Total	\$14,914,400	\$2,430,600

**DEPARTMENT OF CORRECTIONS**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	19,174.3	19,784.8	610.5	3.2
<b>GROSS .....</b>	<b>1,567,641,800</b>	<b>1,703,340,600</b>	<b>135,698,800</b>	<b>8.7</b>
Less:				
Interdepartmental Grants Received .....	6,615,600	6,710,500	94,900	1.4
<b>ADJUSTED GROSS .....</b>	<b>1,561,026,200</b>	<b>1,696,630,100</b>	<b>135,603,900</b>	<b>8.7</b>
Less:				
Federal Funds .....	25,686,400	26,633,600	947,200	3.7
Local and Private .....	412,800	429,500	16,700	4.0
<b>TOTAL STATE SPENDING .....</b>	<b>1,534,927,000</b>	<b>1,669,567,000</b>	<b>134,640,000</b>	<b>8.8</b>
Less:				
Other State Restricted Funds .....	48,347,900	50,484,300	2,136,400	4.4
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>1,486,579,100</b>	<b>1,619,082,700</b>	<b>132,503,600</b>	<b>8.9</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>78,816,500</b>	<b>81,056,300</b>	<b>2,239,800</b>	<b>2.8</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. FACILITY OPERATIONS**

**1. New Prison Facility**

Gross	9,757,900
GF/GP	9,757,900

The Governor's recommendation includes start-up costs and three months of operating costs for a new 1,500-bed correctional facility at Ionia with funding for 502.9 FTEs.

**2. Full-Year Operating Costs**

Gross	38,422,400
Restricted	5,000
Federal	704,000
GF/GP	37,713,400

The Governor's budget includes an increase of \$38,107,100 to allow new facilities that operated only a partial year during FY 1999-2000, to operate a full year in FY 2000-01. Also, the budget includes \$704,000 in Federal VOI/TIS funds for the Michigan Youth Correctional Facility for full-year operation of all prison beds. The recommendation includes additional funding of \$315,300 for full-year operations of Project RESTART and Project CHANGE.

**3. Reserved Capacity**

Gross	(6,092,300)
GF/GP	(6,092,300)

Based on revised prison population estimates, the Governor's recommendation reduces the appropriation for drop-in units at Macomb (240 beds/49.0 FTEs), Saginaw (240 beds/48.2 FTEs), and Thumb (240 beds/49.5 FTEs); the facilities will not open until FY 2001-02.

**4. Employee Costs**

Gross	1,706,100
GF/GP	1,706,100

The recommendation decreases the new employee training appropriation by \$2,442,900 and funds for a new training academy by \$1,181,000. A leap year salary increase of \$3,741,300 will be returned to the budget. Added to the budget is \$9,071,300 for salary step increases of academic/vocational instructors and prison employees.

**5. Prisoner Uniforms**

Gross	6,341,600
GF/GP	6,341,600

Additional funds to provide uniforms to prisoners of all security classification levels is requested.

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**B. PRISONER HEALTH CARE**

Gross	9,797,400
GF/GP	9,797,400

Funding is recommended for adjustments to the HIV/AIDS treatment protocol of \$3,544,800, increases in other pharmaceuticals and health care costs of \$3,274,400, increases in the managed care contract of \$2,438,200, and treatment of a hemophiliac of \$540,000.

**C. SUBSTANCE ABUSE TREATMENT AND TESTING**

Gross	1,670,100
Federal	(1,835,000)
GF/GP	3,505,100

The Governor's budget increases appropriations for substance abuse treatment and testing by \$1,539,800 due to caseload increases and includes \$130,300 for rate increases in a pilot drug treatment program at Camp Branch. Also, there is an additional GF/GP appropriation of \$1,835,000 to replace Federal funds in a pilot drug treatment program at Cooper Street Prison.

**D. ADMINISTRATIVE COST ADJUSTMENTS**

Gross	7,303,600
Restricted	2,100,000
GF/GP	5,203,600

Administrative cost adjustments in the FY 2000-01 Executive recommendation include various utility costs of \$1,605,300 to meet rate increases and system changes; Department of Management and Budget surcharges and vehicle fees of \$2,224,100 for increases in rates; rent increases at Grandview Plaza and field offices of \$280,300; repair of damage at Ionia Maximum Correctional Facility of \$345,100; and additional personnel in fiscal management (1.0 FTE), records (1.0 FTE), recruitment (2.0 FTEs), and audit and internal affairs (2.5 FTEs) for \$589,200. Also in the recommendation are 2.0 FTEs for psychologists at women's facilities costing \$159,600. The recommendation increases the program expenditures for prison industries by \$2,100,000.

**E. OTHER ISSUES**

Gross	1,503,800
Federal	2,011,400
Restricted	(1,779,400)
GF/GP	1,271,800

The Governor's budget recommendation provides for changes in funding sources including increases in GF/GP funds to replace Telephone Fees and Commissions of \$2,500,000 and to replace community placement funds of \$864,000. Increases in tether participant fees of \$172,300, in resident stores of \$143,300 and in oversight fees of \$1,015,200 replace GF/GP funds. A supervision fee increase will offset program expenditures of \$253,800. Also in the recommendation is an increase in Federal funds of \$1,250,000 from the Youthful Offender Vocational Training Grant Award. Federal VOI/TIS funds will offset \$761,400 GF/GP funds for the contract costs of the Michigan Youth Correctional Facility.



**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**F. FEE INCREASES**

The recommendation includes an increase of \$1 in public works user fees for Department-supervised work crews.

Gross	0
Restricted	229,000
GF/GP	(229,000)

**G. UNCLASSIFIED SALARIES**

There is no change recommended for unclassified salaries.

Gross	0
GF/GP	0

**H. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	65,288,200
IDG	8,000
IDT	86,900
Federal	66,800
Local	16,700
Restricted	1,581,800
GF/GP	63,528,000

Item	Gross	GF/GP
Salaries	\$25,349,500	\$24,661,600
Insurance	13,001,200	12,648,900
Retirement	25,990,500	25,286,200
Food	896,200	880,500
Building Occupancy & Rent	50,800	50,800
Total	\$65,288,200	63,528,000

**I. FY 1999-2000 SUPPLEMENTAL**

A request for \$1,377,200 for 800 megahertz radios to connect with State Police is included in a supplemental appropriations for FY 1999-2000.

**DEPARTMENT OF EDUCATION**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	542.6	457.6	(85.0)	(15.7)
<b>GROSS .....</b>	<b>1,001,506,100</b>	<b>925,310,500</b>	<b>(76,195,600)</b>	<b>(7.6)</b>
Less:				
Interdepartmental Grants Received .....	1,084,700	518,000	(566,700)	(52.2)
<b>ADJUSTED GROSS .....</b>	<b>1,000,421,400</b>	<b>924,792,500</b>	<b>(75,628,900)</b>	<b>(7.6)</b>
Less:				
Federal Funds .....	928,508,200	871,088,900	(57,419,300)	(6.2)
Local and Private .....	6,831,600	6,967,300	135,700	2.0
<b>TOTAL STATE SPENDING .....</b>	<b>65,081,600</b>	<b>46,736,300</b>	<b>(18,345,300)</b>	<b>(28.2)</b>
Less:				
Other State Restricted Funds .....	27,264,600	14,037,600	(13,227,000)	(48.5)
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>37,817,000</b>	<b>32,698,700</b>	<b>(5,118,300)</b>	<b>(13.5)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>27,492,600</b>	<b>14,054,400</b>	<b>(13,438,200)</b>	<b>(48.9)</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. FEDERAL GRANTS**

The Executive budget anticipates increases in two Federal grants, and decreases in two Federal grants. First, an additional \$7,200,000 is expected in the Federal share of the School Lunch Program. Also, the Refugee Children School Impact Grant is a new grant anticipated for FY 2000-01, funded at \$950,000. However, the Migrant Technology and Statewide Systemic Initiative grants will not be funded in the upcoming year, resulting in a reduction of \$626,300 in these two areas.

Gross	7,523,000
Federal	7,523,000
GF/GP	0

**B. SINGLE RECORD STUDENT DATABASE (SRSD)**

The Executive budget proposes to reduce funding for the SRSD by \$324,000 GF/GP because it represents that portion of the project funding that was a one-time appropriation. Specifically, this funding paid for the second stage of the project (adding more data sets to the information warehouse) and purchasing necessary software.

Gross	(324,000)
GF/GP	(324,000)

**C. SCHOOL IMPROVEMENT PLAN CONSOLIDATION**

New funding of \$300,000 GF/GP is proposed for the School Improvement Plan Consolidation. The idea behind this is to provide technology to assist schools in consolidating multiple school improvement plans required by various State and Federal programs.

Gross	300,000
GF/GP	300,000

**D. STUDY OF TEACHER PREPARATION**

The Executive budget recommends removing the one-time funding of the study of teacher preparation provided in FY 1999-2000.

Gross	(237,500)
GF/GP	(237,500)

**E. OTHER ISSUES**

The Governor's recommendation reflects other operating and program adjustments, resulting in an overall increase in gross appropriations, after accounting for the Executive Order described above. However, due to the transfer of School Lunch Program dollars to School Aid, the GF/GP portion of the budget does decline in total.

Gross	450,900
Federal	690,600
IDGs	(566,700)
Private	15,000
Restricted	28,400
GF/GP	283,600

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**F. PROGRAM TRANSFERS**

Executive Order 1999-12 transferred the Michigan Education Assessment Program to the Department of Treasury. Further, Vocational Education, Postsecondary Services, Adult Basic Education, and Career Preparation were transferred to the Department of Career Development. Finally, the State portion of the School Lunch Program was transferred to the School Aid Act, and subsequently funded with School Aid Fund dollars.

Gross	(85,436,000)
Federal	(66,371,600)
Restricted	(13,368,300)
GF/GP	(5,696,100)

**G. UNCLASSIFIED SALARIES**

No adjustment in the unclassified salary appropriation is proposed.

Gross	0
GF/GP	0

**H. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	1,528,000
Federal	738,700
Local	120,700
Restricted	112,900
GF/GP	555,700

Item	Gross	GF/GP
Salaries and Wages	\$567,200	\$199,200
Insurance	268,600	91,000
Retirement	513,800	177,900
Workers' Compensation	31,500	31,500
Fuel and Utilities	0	0
Building Occupancy Charges	143,300	54,800
Food	3,600	1,300
Total	\$1,528,000	\$555,700

**I. FY 1999-2000 SUPPLEMENTALS**

The Governor proposes FY 1999-2000 supplemental appropriations from Federal revenues, Toys 'R Us settlement revenues, and State GF/GP funds to increase funding for one existing program, and introduce two new programs. First, \$1,750,000 GF/GP and \$500,000 in settlement funds are proposed for increasing the production of reading kits under the Reading Plan for Michigan program. This funding would provide for an additional 220,000 R.E.A.D.Y. kits to be printed and distributed. Second, \$40,000 in Federal funds is requested for the implementation of the Troops for Teachers program, a program that assists the transition of military personnel into the classroom. Finally, \$220,000 GF/GP is proposed for providing incentives to schools to increase their participation in the National Assessment of Education Programs.

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	1,610.7	1,630.7	20.0	1.2
<b>GROSS .....</b>	<b>393,588,600</b>	<b>406,611,600</b>	<b>13,023,000</b>	<b>3.3</b>
Less:				
Interdepartmental Grants Received .....	16,778,700	17,511,700	733,000	4.4
<b>ADJUSTED GROSS .....</b>	<b>376,809,900</b>	<b>389,099,900</b>	<b>12,290,000</b>	<b>3.3</b>
Less:				
Federal Funds .....	126,831,500	129,737,500	2,906,000	2.3
Local and Private .....	1,529,300	1,523,800	(5,500)	(0.4)
<b>TOTAL STATE SPENDING .....</b>	<b>248,449,100</b>	<b>257,838,600</b>	<b>9,389,500</b>	<b>3.8</b>
Less:				
Other State Restricted Funds .....	152,202,700	158,013,600	5,810,900	3.8
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>96,246,400</b>	<b>99,825,000</b>	<b>3,578,600</b>	<b>3.7</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>6,619,900</b>	<b>6,519,900</b>	<b>(100,000)</b>	<b>(1.5)</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. WETLANDS ENFORCEMENT**

The Governor's budget includes increased funding and staffing authorization to enhance wetlands permitting and enforcement efforts. The increased staffing would enable the Department to increase enforcement, improve compliance, and address and investigate the growing volume of complaints concerning wetlands received by the Land and Water Management Division.

FTEs	5.0
Gross	375,000
GF/GP	375,000

**B. DAM REMOVAL**

Funding for the removal of a dam in Big Rapids that had been included in the budget since FY 1998-99 is eliminated in the Governor's budget. The budget assumes that the project will be completed during FY 1999-2000.

Gross	(100,000)
GF/GP	(100,000)

**C. LOCAL PUBLIC HEALTH DEPARTMENT OPERATIONS**

The Governor's budget provides a base adjustment and a 3% economic increase for the appropriation that supports local health department drinking water supply and on-site sewage management activities, bringing total grant funding for these purposes to \$10,267,200.

Gross	676,700
IDG	676,700
GF/GP	0

**D. CLEAN MICHIGAN INITIATIVE ADMINISTRATION**

Clean Michigan Initiative (CMI) Fund money totaling \$2,372,500 is included in the Governor's recommendation for a variety of administrative functions associated with implementing the projects supported under the CMI. Of the amounts proposed by the Governor, \$1,600,000 would offset the loss of several other Federal and State restricted sources of financing. The CMI Fund supports environmental and natural resources protection programs that would cleanup and redevelop contaminated sites, protect and improve water quality, prevent pollution, abate lead contamination, reclaim and revitalize community waterfronts, and clean up contaminated lake, river, and stream sediments. Up to \$675,000,000 in voter-approved general obligation bonds is available for this Initiative. Implementing legislation allows the use of up to 3% of total CMI bond proceeds for administrative purposes.

FTEs	8.0
Gross	772,500
Federal	(400,000)
Restricted	1,172,500
GF/GP	0

**E. PROGRAM EXPANSIONS**

The Governor's budget includes a number of program expansions supported with various increased Federal and/or State restricted sources. These expansions include:

**1. Nonpoint Source Water Pollution Grants**

The proposed funding represents an 85.7% increase in Federal support, and would augment the proposed (in House Bill 4305) Clean Michigan Initiative Fund effort in nonpoint source pollution control.

Gross	3,000,000
Federal	3,000,000
GF/GP	0

**2. Great Lakes Protection Fund**

Available resources from the Great Lakes Protection Fund support a proposed 111.1% increase in funding for Great Lakes protection and research grants. The increase would support research into market incentives for pollution abatement and land conservation, Great Lakes habitat protection, cost effective cleanup actions demonstration projects, and Great Lakes monitoring program design.

Gross	1,000,000
Restricted	1,000,000
GF/GP	0

**3. Environmental Assistance - Field Office Staff**

An increase in funding, supported with available waste reduction fee revenues, would provide pollution prevention staff to the two remaining district offices without such staff, and would support a second pollution prevention field person in the southeast Michigan area. The focus of the expanded field staff would be on integrating pollution prevention practices with regulatory activities, and working with local agencies to promote pollution prevention strategies.

FTEs	3.0
Gross	300,000
Restricted	300,000
GF/GP	0

**4. Environmental Assistance - Innovations and Incentives Program**

Additional staff and funding are proposed to enhance efforts at providing services and assistance to business, especially small business, in pollution prevention. The funding for this expansion comes from available waste reduction fees.

FTEs	4.0
Gross	275,000
Restricted	275,000
GF/GP	0



**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**F. SCRAP TIRE MARKET DEMONSTRATION**

The Governor's budget includes funding for a one-time project aimed at demonstrating, in cooperation with the Department of Transportation, the feasibility of using materials from scrap tire accumulations for manufacturing support poles for guard rails and signs used on State roads.

Gross	200,000
Restricted	200,000
GF/GP	0

**G. COMMUNITY POLLUTION PREVENTION GRANTS PROGRAM**

Under Public Act 384 of 1996, a portion of the money collected from unclaimed bottle deposits is set aside for the creation of a Community Pollution Prevention Fund, money from which is to be used for community pollution prevention projects. The Governor's budget includes an appropriation from the Fund for grants to county governments, local health departments, municipalities, and regional planning agencies. The grants are for projects that seek to reduce waste generation and promote pollution prevention in local communities.

Gross	250,000
Restricted	250,000
GF/GP	0

**H. ONE-STOP REPORTING**

Federal funds are available for improving environmental data collection and reporting across multiple State and Federal regulatory programs. The project aims to integrate program data, to simplify data reporting and collection, to develop common data definitions, to expand the use of geographic information systems, to increase electronic reporting, to expand the use of the Internet, and to improve public access to environmental information.

Gross	200,000
Federal	200,000
GF/GP	0

**I. OTHER ISSUES**

Other changes proposed by the Governor include adjustments to reflect the availability of various Federal, local, and State restricted sources of financing, as well as \$86,200 in private oil overcharge settlement revenue for grants to small business for demonstration projects in pollution prevention and energy efficiency technologies.

Gross	115,600
Federal	106,000
Local	(148,700)
Private	86,200
Restricted	72,100
GF/GP	0

**J. UNCLASSIFIED SALARIES**

No adjustment in the unclassified salary appropriation is proposed.

Gross	0
GF/GP	0

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**K. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, equipment, phone, postage, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	5,958,200
IDG & IDT	56,300
Local	57,000
Restricted	2,541,300
GF/GP	3,303,600

Item	Gross	GF/GP
Salaries and wages	\$2,267,000	\$1,132,800
Insurance	1,004,300	519,400
Retirement	2,037,100	1,009,000
Postage, phone, and equipment	(14,500)	(9,100)
Rent	160,000	147,200
Building Occupancy Charges	504,300	504,300
Total	\$5,958,200	\$3,303,600

**EXECUTIVE**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	75.0	75.0	0.0	0.0
<b>GROSS .....</b>	<b>5,425,100</b>	<b>5,679,600</b>	<b>254,500</b>	<b>4.7</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>5,425,100</b>	<b>5,679,600</b>	<b>254,500</b>	<b>4.7</b>
Less:				
Federal Funds .....	0	0	0	0.0
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>5,425,100</b>	<b>5,679,600</b>	<b>254,500</b>	<b>4.7</b>
Less:				
Other State Restricted Funds .....	0	0	0	0.0
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>5,425,100</b>	<b>5,679,600</b>	<b>254,500</b>	<b>4.7</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. STATE OFFICERS COMPENSATION COMMISSION (SOCC) DETERMINATIONS**

Gross	8,600
GF/GP	8,600

The Governor's recommendation includes \$2,700 for the last quarter of calendar 2000 SOCC adjustments for the Governor and Lieutenant Governor. The budget also includes \$5,900 for an estimated 3.0% adjustment for future SOCC determinations related to 2001.

**B. UNCLASSIFIED SALARIES**

Gross	24,300
GF/GP	24,300

The Governor's recommendation increases the line item that funds 8.0 FTE unclassified positions by 3.0%, from \$808,800 to \$833,100.

**C. ECONOMIC ADJUSTMENTS**

Gross	221,600
GF/GP	221,600

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$80,000	\$80,000
Insurance	37,300	37,300
Retirement (defined benefit)	13,000	13,000
Retirement (defined contribution)	91,300	91,300
Total	\$221,600	\$221,600

**DEPARTMENT OF FAMILY INDEPENDENCE AGENCY**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	13,222.3	13,463.6	241.3	1.8
<b>GROSS .....</b>	<b>3,642,932,400</b>	<b>3,507,392,200</b>	<b>(135,540,200)</b>	<b>(3.7)</b>
Less:				
Interdepartmental Grants Received .....	150,000	765,000	615,000	410.0
<b>ADJUSTED GROSS .....</b>	<b>3,642,782,400</b>	<b>3,506,627,200</b>	<b>(136,155,200)</b>	<b>(3.7)</b>
Less:				
Federal Funds .....	2,374,089,800	2,124,055,000	(250,034,800)	(10.5)
Local and Private .....	56,397,600	117,296,800	60,899,200	108.0
<b>TOTAL STATE SPENDING .....</b>	<b>1,212,295,000</b>	<b>1,265,275,400</b>	<b>52,980,400</b>	<b>4.4</b>
Less:				
Other State Restricted Funds .....	123,565,500	58,665,400	(64,900,100)	(52.5)
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>1,088,729,500</b>	<b>1,206,610,000</b>	<b>117,880,500</b>	<b>10.8</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>172,154,500</b>	<b>142,932,000</b>	<b>(29,222,500)</b>	<b>(17.0)</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)**

The Federal block grant, created by the Personal Responsibility and Work Opportunity Act of 1996 (welfare reform legislation), that the State received and the reduction in welfare caseloads allow for a cost shift from General Fund spending to block grant fund support for a Kinshipcare grant increase, Family Reunification to implement in-home services, and the financing of the homestead property tax credit for families with incomes below 200% of the poverty level. However, due to new Federal guidelines, replacing TANF funds with General Fund support is recommended for matching funds, in-home services, and the child deduction tax credit where TANF funds were used in FY 1999-2000 but cannot be counted toward the required State fund spending. The Governor also recommends an FY 1999-2000 supplemental appropriation for this GF/GP shortfall.

Gross	35,000,000
Federal	18,700,000
GF/GP	16,300,000

**B. ADMINISTRATION AND TECHNOLOGY**

The Governor's recommendation includes funds for computer cost increases for ongoing technology equipment maintenance, software support and equipment and software purchases; a Department of Management and Budget-purchased new back-up mainframe for the Automated Social Services Information and Support System (ASSIST); the development and operation of the Child Support Enforcement Automation and the Distribution Unit, the Electronic Benefits Transfer system, and the Finger Imaging Program. The recommendation also includes changing the ASSIST line item appropriation name to Client Services System.

Gross	59,550,200
Federal	37,673,400
GF/GP	21,876,800

**C. FINANCE ADJUSTMENTS**

The Governor's recommendation includes an increase in the Federal revenue match rate, the use of GF/GP funds to replace reductions in Federal revenue and revenue associated with declines in child support collections associated with reductions in the Family Independence Program caseload reductions. In addition, \$0 Gross, \$3,125,000 GF/GP is recommended for the projected cost of Federal penalties assessed for tardiness in the completion of the Child Support Enforcement System.

Gross	0
Federal	(7,381,700)
Restricted	(26,331,700)
GF/GP	33,713,400

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**D. FAMILY INDEPENDENCE PROGRAM (FIP)**

**1. Caseloads**

The proposal for FIP is based on a projected caseload decline of 14,900 to an average 63,400 cases for FY 2000-01. The proposed budget also assumes an increase in the cost per case of approximately \$11 to \$371 per case.

Gross	(66,300,000)
Federal	(66,300,000)
GF/GP	0

**2. Grant Increase**

The Governor's recommendation includes a 3% increase for approximately 28,000 FIP cases deferred from work requirements, of which 20,000 are child-only cases, which have extended family members as care providers.

Gross	2,900,000
Federal	2,900,000
GF/GP	0

**E. OTHER STATE ASSISTANCE**

**1. Day Care**

The proposal for day care services projects a decline in caseload of 13,700 to an average 73,700 for FY 2000-01. The recommendation also includes an additional \$11,000,000 Gross, \$0 GF/GP for contracting and administrative costs with the Michigan Community Coordinated Child Care Association.

Gross	(139,004,600)
Federal	(139,004,600)
GF/GP	0

**2. State Disability and Supplemental Security Income (SSI) Assistance**

The Governor's recommendation includes a projected caseload of 7,400, a decrease of 600 cases, and a 5% State Disability Assistance rate increase for an addition to the monthly payment of \$11.45 per case. The proposal for the State Supplement for SSI recipients is projected at 212,000 average cases, a decrease of 3,900 cases. However, increases are included for the cost per case and projected administrative costs.

Gross	515,900
GF/GP	515,900

**F. FEDERALLY FUNDED PROGRAMS**

The Governor's recommendation includes a reduction in Food Stamp Program funds due to a 237,500 projected average caseload, a decline of 76,600 cases.

Gross	(166,781,200)
Federal	(166,381,200)
GF/GP	(400,000)

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**G. CHILD AND FAMILY SERVICES**

**1. Delinquency Services**

The Governor's recommendation includes transfers necessary to unroll the Juvenile Justice Services Wayne County Block Grant established by Public Acts 478 and 516-527 of 1998 and appropriated in the Family Independence Agency FY 1999-2000 budget. Financing would be converted to include a 50% charge back from the county, a gain in State revenue. All block-granted services would be transferred to their respective appropriation lines, including foster care payments, family preservation and prevention services, and the Child Care Fund. Other adjustments include adding funding authorization for caseload growth since FY 1997-98 and increasing funds for current level staffing and other administrative costs. Funds for the juvenile boot camp program and various grant awards are reduced to anticipated spending levels, including Federal funds anticipated for the Juvenile Accountability Incentive Block Grant.

Gross	22,508,700
Federal	2,020,700
Local	53,433,500
Restricted	(38,610,200)
GF/GP	5,664,700

**2. Program Expansion**

The Governor's proposal includes an increase for Project Zero, Domestic Violence Prevention and Treatment, Foster Care Parent Recruitment Program, legal support contracts, and county shelter services. The recommendation also includes funds for caseload increases for the Child Care Fund, Foster Care payments and Adoption Subsidies and foster care and adoption rate increases - a full year 2.7% rate for FY 1999-2000 and a 3% rate for FY 2000-01.

Gross	75,419,400
Federal	46,407,300
Local	5,838,000
Restricted	28,100
GF/GP	23,146,000

**H. PROGRAM TRANSFERS**

The Governor's recommendation includes the transfer of the Title XIX (Medicaid) Optical Character staff, who process program information on fringes and occupancy, to the Department of Community Health. The proposal also includes a transfer to the Treasury Department of the High School Completion Program, a higher education funding program.

Gross	(1,204,700)
Federal	(631,000)
GF/GP	(573,700)



**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**I. UNCLASSIFIED SALARIES**

Gross	0
GF/GP	0

There are no adjustments proposed for unclassified salaries.

**J. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$16,196,000	\$6,118,400
Insurance	6,443,600	2,565,000
Retirement	9,754,000	3,814,700
Other	7,805,900	3,889,700
Total	\$40,199,500	\$16,387,800

**K. FY 1999-2000 SUPPLEMENTALS**

The Governor recommends a supplemental appropriation of \$143,958,400 Gross, \$54,258,400 GF/GP in FY 1999-2000 department spending for technology and family benefits and services. The recommendation includes \$15,000,000 Gross, \$6,000,000 GF/GP for the purchase of local offices' personal computers to support increased field offices' productivity. The proposal also includes two programs, to be funded with TANF funds, to promote reduced out-of-wedlock birth - \$15,000,000 Gross, \$0 GF/GP, and increased paternity identification among the State's teenage population - \$5,000,000 Gross, \$0 GF/GP. The use of \$50,000,000 in TANF funds is also recommended for a Family Opportunity Project to help FIP families save earnings through available matching funds - \$5,000,000, obtain affordable housing - \$25,000,000, and make the transition to employment through vocational skills training - \$20,000,000. The use of \$13,145,200 Gross, General Fund is proposed to bring the Children's Trust Fund balance to its statutory level and increase investment earnings for child abuse and neglect prevention services. The recommendation also includes \$18,813,200 Gross, GF/GP to reduce both the State's food stamp error rate and future State expenditures, \$27,000,000 in TANF funds to replace General Fund dollars for FIP families eligible for the Homestead Property Tax Credit, and \$0 Gross, \$16,300,000 GF/GP for the TANF shortfall created by final Federal TANF regulations.

# HIGHER EDUCATION

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	1.0	0.0	(1.0)	(100.0)
<b>GROSS .....</b>	<b>1,774,759,308</b>	<b>1,838,900,562</b>	<b>64,141,254</b>	<b>3.6</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>1,774,759,308</b>	<b>1,838,900,562</b>	<b>64,141,254</b>	<b>3.6</b>
Less:				
Federal Funds .....	3,900,000	3,900,000	0	0.0
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>1,770,859,308</b>	<b>1,835,000,562</b>	<b>64,141,254</b>	<b>3.6</b>
Less:				
Other State Restricted Funds .....	91,550,000	105,250,000	13,700,000	15.0
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>1,679,309,308</b>	<b>1,729,750,562</b>	<b>50,441,254</b>	<b>3.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>4,566,584</b>	<b>4,670,654</b>	<b>104,070</b>	<b>2.3</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. PER STUDENT FUNDING FLOORS**

Gross	7,386,120
GF/GP	7,386,120

The Governor's budget groups the 15 public universities into five separate tiers, each with a different per student funding floor, and then calculates each university's FY 1999-2000 State appropriation per student to determine whether the university is funded at its floor level. As calculated by the Governor, nine universities fall below their designated per student funding floor. The shortfalls range from \$59 per student to \$1,340 per student, but the Governor recommends an additional \$53 per student at each of the nine universities at a total cost of \$7,386,120. Column 4 of [Table 1](#) lists the amount each of the nine universities would receive.

**B. UNIVERSITY OPERATIONS**

Gross	37,676,149
GF/GP	37,676,149

Subsequent to the per student floor funding adjustment, the Governor provides an across-the-board 2.5% increase for the Operations line items for all 15 public universities. The FY 2000-01 total appropriation for University Operations would be \$1,544,722,078. See [Table 1](#), column 5, for the 2.5% increase amount for each institution. The Governor also eliminates the \$250,000 line item for the Kinship Care Program, and transfers those dollars into Michigan State University's Operations line item.

**C. TUITION RESTRAINT**

Gross	0
GF/GP	0

The Governor's FY 2000-01 budget retains the current-year tuition restraint policy that directs State universities to increase resident undergraduate tuition by no more than 3.0%. Any State university that increases tuition by more than 3.0% would have a 1.5% reduction in its base appropriations when the FY 2001-02 budget is developed.

**D. STATE AND REGIONAL PROGRAMS**

Gross	1,860,484
GF/GP	1,860,484

The Governor recommends 3.0% increases for the Agricultural Experiment Station, the Cooperative Extension Service, the Michigan Molecular Institute, the Japan Center, and the King-Chavez-Parks Programs. The current-year funding levels of \$275,000 and \$75,000 for the higher education database and Midwest Higher Education Compact dues, respectively, are retained.

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**E. GRANTS AND FINANCIAL AID**

Gross	3,518,501
GF/GP	3,518,501

The Governor recommends 3.0% increases for each of the State-funded financial aid programs, as well as the degree reimbursement programs. The lower half of Table 1, column 5, lists the increases, which total \$3,518,501.

**F. TUITION INCENTIVE PROGRAM (TIP)**

Gross	0
GF/GP	0

The Tuition Incentive Program provides an incentive to low-income middle and high school students to complete high school and continue on to college by pledging to pay their tuition and fees for associate degree or certificate programs, as well as up to \$2,000 at four-year institutions, if they complete high school. Although the Governor recommends no funding changes for TIP, there is new boilerplate language that disallows any new TIP application approvals after September 30, 2000. The TIP phase-out is a result of a recommendation by the Lieutenant Governor's Commission on Financing Postsecondary Education to create a program to provide free tuition for any high school graduate enrolling at a community college or pursuing an associate degree at a State university, if the student's family income is \$40,000 or less. Students who currently receive TIP scholarships must be Medicaid eligible, so they would most likely qualify financially for the new program. However, since students can become eligible for TIP as early as the sixth grade, many students have already qualified for the TIP scholarship, and the Governor's recommendation allows the students currently in the pipeline to complete their TIP eligibility.

**G. TOBACCO SETTLEMENT - MICHIGAN MERIT AWARD PROGRAM**

Gross	13,700,000
Restricted	13,700,000
GF/GP	0

The \$2,500 Michigan Merit Award, which may be used for education and training at a variety of postsecondary institutions, commences with this year's high school graduating class. Eligibility is based on student achievement on the MEAP tests or through high achievement on college entrance exams or a nationally recognized job skills assessment. For FY 2000-01, the Governor recommends a funding increase of \$13,700,000 for total funding of \$100,000,000, all of which is financed from the Michigan Merit Award Trust Fund. The Governor's budget estimates 40,000 Michigan Merit Awards for FY 2000-01; the Senate Fiscal Agency projects 25,368 awards for FY 2000-01. Until there is more experience and data regarding the program, precise estimates are difficult.

**H. FY 1999-2000 SUPPLEMENTALS**

The Governor recommends an FY 1999-2000 supplemental appropriation of \$31,476,000 for Higher Education infrastructure, technology, equipment, and maintenance, referred to as ITEM. The \$31,476,000 is divided between the 15 public universities (\$30,000,000) and the independent colleges (\$1,476,000), and equates to 2.0% of their FY 1999-2000 State appropriation base. Boilerplate language distributes the funds specifically to each public university, and through the General Degree Reimbursement Program for the independent colleges. The Governor further recommends that no ITEM funds be distributed to a public university until it submits a five-year comprehensive capital outlay plan to the State Budget Director, pursuant to the Management and Budget Act.

**Table 1: HIGHER EDUCATION FY 2000-01 GOVERNOR'S RECOMMENDATION**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	FY 1999-2000 Enacted PA 93 of 1999	1999-2000 Approp Per Student *	Amt Under: \$4,500, \$4,600 \$4,700, \$9,000	\$53 Per Student for Univer. Under Their Floor	Univ: 2.5% AES, CES, MMI, KCP, Financial Aid: 3.0%	Other Program Adjustments	FY 2000-01 Governor's Rec.	\$ Change from 1999-2000	% Change from 1999-2000	2000-01 Approp Per Student*	FY 1999-2000 Infrastruc., Tech., Equip., Maint. 2.0%	Combined Percent Change
<b>UNIVERSITIES</b>												
Central	80,478,312	4,278	322	997,089	2,036,885		83,512,286	3,033,974	3.8%	4,439	1,609,931	5.8%
Eastern	81,903,067	4,541	59	956,006	2,071,477		84,930,550	3,027,483	3.7%	4,708	1,638,433	5.7%
Ferris	52,110,400	6,123	0	0	1,302,760		53,413,160	1,302,760	2.5%	6,277	1,042,444	4.5%
Grand Valley	53,715,559	3,935	565	723,397	1,360,974		55,799,930	2,084,371	3.9%	4,088	1,074,555	5.9%
Lake Superior	13,392,280	4,744	0	0	334,807		13,727,087	334,807	2.5%	4,863	267,906	4.5%
Michigan State	303,826,465	7,660	1,340	2,102,298	7,648,219		313,576,982	9,750,517	3.2%	7,905	6,077,908	5.2%
Michigan Tech	51,848,777	8,547	0	0	1,296,219		53,144,996	1,296,219	2.5%	8,761	1,037,211	4.5%
Northern	48,818,439	6,975	0	0	1,220,461		50,038,900	1,220,461	2.5%	7,149	976,590	4.5%
Oakland	47,212,698	4,317	383	579,656	1,194,809		48,987,163	1,774,465	3.8%	4,479	944,468	5.8%
Saginaw Valley	24,955,312	4,237	263	312,170	631,687		25,899,169	943,857	3.8%	4,397	499,219	5.8%
UM-Ann Arbor	338,861,239	9,240	0	0	8,471,531		347,332,770	8,471,531	2.5%	9,471	6,778,762	4.5%
UM-Dearborn	25,777,192	4,563	137	299,397	651,915		26,728,504	951,312	3.7%	4,732	515,661	5.7%
UM-Flint	22,175,509	4,360	140	269,558	561,127		23,006,194	830,685	3.7%	4,523	443,611	5.7%
Wayne State	238,066,723	10,246	0	0	5,951,668		244,018,391	5,951,668	2.5%	10,503	4,762,415	4.5%
Western	116,517,837	5,386	314	1,146,549	2,941,610		120,605,996	4,088,159	3.5%	5,575	2,330,886	5.5%
Ag Experiment Station (AES)	31,497,154				944,915		32,442,069	944,915	3.0%			
Coop Extension Service (CES)	27,092,562				812,777		27,905,339	812,777	3.0%			
Michigan Molecular Institute	222,310				6,669		228,979	6,669	3.0%			
Japan Center	397,210				11,916		409,126	11,916	3.0%			
Higher Education Database	275,000				0		275,000	0	0.0%			
Midwest Higher Ed Compact	75,000				0		75,000	0	0.0%			
King-Chavez-Parks	2,806,885				84,207		2,891,092	84,207	3.0%			
<b>TOTAL</b>	<b>1,562,025,930</b>	<b>6,705</b>	<b>3,523</b>	<b>7,386,120</b>	<b>39,536,633</b>	<b>0</b>	<b>1,608,948,683</b>	<b>46,922,753</b>	<b>3.0%</b>	<b>6,906</b>	<b>30,000,000</b>	<b>5.0%</b>
<b>GRANTS &amp; FINANCIAL AID</b>												
Competitive Scholarships	33,398,513				932,955		34,331,468	932,955	2.8%			
Tuition Grants	61,072,064				1,867,250	1,169,600	64,108,914	3,036,850	5.0%			
Work Study	7,541,388				226,242		7,767,630	226,242	3.0%			
Part-time Independent	2,731,203				81,936		2,813,139	81,936	3.0%			
Dental Degree	4,753,246				142,597		4,895,843	142,597	3.0%			
General Degree	7,061,912				176,769	(1,169,600)	6,069,081	(992,831)	-14.1%		1,476,000	
Allied Health Degree	879,721				26,392		906,113	26,392	3.0%			
Ed. Opportunity Grants (MEOG)	2,145,331				64,360		2,209,691	64,360	3.0%			
Byrd Scholarship	1,600,000				0		1,600,000	0	0.0%			
Michigan Merit Award Program	86,300,000				0	13,700,000	100,000,000	13,700,000	15.9%			
Tuition Incentive Program (TIP)	5,250,000				0		5,250,000	0	0.0%			
<b>TOTAL FINANCIAL AID</b>	<b>212,733,378</b>		<b>0</b>	<b>0</b>	<b>3,518,501</b>	<b>13,700,000</b>	<b>229,951,879</b>	<b>17,218,501</b>	<b>8.1%</b>		<b>1,476,000</b>	
Federal	3,900,000		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,900,000</b>	<b>0</b>	<b>0.0%</b>		<b>0</b>	
Merit Award Trust Fund	91,550,000		<b>0</b>	<b>0</b>	<b>0</b>	<b>13,700,000</b>	<b>105,250,000</b>	<b>13,700,000</b>	<b>15.0%</b>		<b>0</b>	
State GF/GP	117,283,378		<b>0</b>	<b>0</b>	<b>3,518,501</b>	<b>0</b>	<b>120,801,879</b>	<b>3,518,501</b>	<b>3.0%</b>		<b>1,476,000</b>	
<b>TOTAL HIGHER ED</b>	<b>1,774,759,308</b>		<b>3,523</b>	<b>7,386,120</b>	<b>43,055,134</b>	<b>13,700,000</b>	<b>1,838,900,562</b>	<b>64,141,254</b>	<b>3.6%</b>		<b>31,476,000</b>	<b>5.4%</b>
<b>TOTAL FEDERAL</b>	<b>3,900,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,900,000</b>	<b>0</b>	<b>0.0%</b>		<b>0</b>	<b>0.0%</b>
<b>TOTAL MERIT TRUST FUND</b>	<b>91,550,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>13,700,000</b>	<b>105,250,000</b>	<b>13,700,000</b>	<b>15.0%</b>		<b>0</b>	<b>15.0%</b>
<b>TOTAL STATE GF/GP</b>	<b>1,679,309,308</b>		<b>3,523</b>	<b>7,386,120</b>	<b>43,055,134</b>	<b>0</b>	<b>1,729,750,562</b>	<b>50,441,254</b>	<b>3.0%</b>		<b>31,476,000</b>	<b>4.9%</b>

\* FY 1998-99 Fiscal Year Equated Students (FYES), based on 30 annual credit hours.

# JUDICIARY

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	583.0	586.0	3.0	0.5
<b>GROSS .....</b>	<b>227,122,000</b>	<b>235,414,100</b>	<b>8,292,100</b>	<b>3.7</b>
Less:				
Interdepartmental Grants Received .....	2,287,400	3,608,500	1,321,100	57.8
<b>ADJUSTED GROSS .....</b>	<b>224,834,600</b>	<b>231,805,600</b>	<b>6,971,000</b>	<b>3.1</b>
Less:				
Federal Funds .....	3,077,800	3,103,300	25,500	0.8
Local and Private .....	4,199,000	4,144,900	(54,100)	(1.3)
<b>TOTAL STATE SPENDING .....</b>	<b>217,557,800</b>	<b>224,557,400</b>	<b>6,999,600</b>	<b>3.2</b>
Less:				
Other State Restricted Funds .....	56,074,900	56,002,300	(72,600)	(0.1)
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>161,482,900</b>	<b>168,555,100</b>	<b>7,072,200</b>	<b>4.4</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>112,984,700</b>	<b>113,701,000</b>	<b>716,300</b>	<b>0.6</b>



**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. DRUG COURT GRANTS**

Gross	1,000,000
GF/GP	1,000,000

Public Act 137 of 1999 (FY 1998-99 supplemental appropriation) included \$1,000,000 in State General Fund support for Drug Court Programs. These courts provide a comprehensive program for alcohol and drug addiction that includes therapeutic interventions, treatment, ongoing drug testing, and other services to reduce the "revolving door system" for nonviolent criminal offenders. While the funding was appropriated in FY 1998-99, actual grant distributions were allocated in FY 1999-2000. The Governor's recommendation continues funding in FY 2000-01.

**B. DIRECT TRIAL COURT AUTOMATION SUPPORT**

FTE	3.0
Gross	231,800
Local	231,800
GF/GP	0

The budget includes additional funding for trial court automation support. The increase is funded from user charges. The current-year appropriation for this program includes 30.0 FTE positions and \$2,496,600.

**C. CRIMINAL JUSTICE IMPROVEMENT GRANT**

Gross	1,361,100
IDG	1,361,100
GF/GP	0

The Governor's recommendation includes an increase in the criminal justice improvement grant from \$1,443,900 to \$2,805,000. The funding is allocated for a consolidated disposition reporting system. The increased funding reflects unspent funds from previous years due to required changes to the initial design of the system.

**D. STATE OFFICERS COMPENSATION COMMISSION (SOCC) DETERMINATIONS**

Gross	2,375,000
GF/GP	2,375,000

The Governor's recommendation includes \$768,600 for costs associated with SOCC determinations for the last quarter of 2000. The budget also includes \$1,606,400 based on an estimated 3.0% impact for future SOCC determinations related to 2001. The determinations of SOCC for Supreme Court Justices affect the salary of other judges due to statutory ties based on the following percentages of a Supreme Court Justice's salary:

Court of Appeals Judge	92%
Circuit Court Judge	85%
Probate Court Judge	85%
District Court Judge	84%

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**E. TRIAL COURT FUNDING**

Gross	0
GF/GP	0

The Governor's recommendation transfers \$4,000,000 from the Hold Harmless Fund to the Court Equity Fund pursuant to Public Act 374 of 1996. This will reduce the appropriation for the Hold Harmless Fund to \$4,000,000. However, there is a substantial carry-forward amount remaining in that Fund. Pursuant to statute, this is the final appropriation for the Hold Harmless Fund. Because only counties receive funding from the Court Equity Fund, the third class district courts receiving money from the Hold Harmless Fund (Detroit, Flint, Grand Rapids, and Pontiac) will not receive funding in FY 2001-02.

**F. OTHER ISSUES**

Gross	493,700
IDG	(40,000)
Federal	25,500
Private	(380,000)
Restricted	(85,000)
GF/GP	973,200

Other adjustments include \$380,800 for judges' retirement defined contribution, \$132,100 associated with the employer's share of social security costs for judges, \$75,000 for a drug court training conference, \$25,300 for rent increases, \$369,500 based on available Federal and restricted revenue, a reduction of \$489,000 based on available funding, a funding shift of \$435,000 from Court fee fund revenue to GF/GP, and other funding shifts.

**G. FEE INCREASES**

Gross	0
GF/GP	0

The FY 1999-2000 budget included \$150,000 based on a proposed increase in law exam fees (from \$175 to \$325). This proposed fee increase has not been enacted into law. However, the funding adjustment is continued in the FY 2000-01 base for Judiciary.

**H. ECONOMIC ADJUSTMENTS**

Gross	2,830,500
Local	94,100
Restricted	12,400
GF/GP	2,724,000

Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$567,500	\$538,300
Insurance	660,300	622,200
Retirement (defined benefit)	370,100	353,800
Retirement (defined contribution)	369,800	346,900
Workers' Compensation	21,800	21,800
Building Occupancy Charges/Rent	841,000	841,000
Total	\$2,830,500	\$2,724,000

**I. FY 1999-2000 SUPPLEMENTALS**

The January 27, 2000, FY 1999-2000 supplemental recommendation includes \$2,300,000 for Judiciary. The funding will support additional court demonstration projects. The Supreme Court initiated seven demonstration projects to evaluate administrative and organizational changes in the trial courts. The supplemental funding will support 35 court demonstration projects over a two-year period.

**LEGISLATIVE AUDITOR GENERAL**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	N/A	N/A	N/A	N/A
<b>GROSS .....</b>	<b>14,343,400</b>	<b>14,893,700</b>	<b>550,300</b>	<b>3.8</b>
Less:				
Interdepartmental Grants Received .....	1,527,100	1,609,600	82,500	5.4
<b>ADJUSTED GROSS .....</b>	<b>12,816,300</b>	<b>13,284,100</b>	<b>467,800</b>	<b>3.7</b>
Less:				
Federal Funds .....	0	0	0	0.0
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>12,816,300</b>	<b>13,284,100</b>	<b>467,800</b>	<b>3.7</b>
Less:				
Other State Restricted Funds .....	293,800	266,600	(27,200)	(9.3)
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>12,522,500</b>	<b>13,017,500</b>	<b>495,000</b>	<b>4.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. TRAINING INCREASE**

Gross	19,700
GF/GP	19,700

The Governor's recommendation includes funding for additional training for auditors.

**B. RENT ADJUSTMENT**

Gross	(41,100)
GF/GP	(41,100)

The budget reduces funding for rent based on a new blended rate for State occupancy in the Victor Office Center.

**C. UNCLASSIFIED SALARIES**

Gross	7,400
GF/GP	7,400

The Governor's recommendation includes a 3.0% increase for the Auditor General, from \$118,000 to \$121,500. The unclassified line item that funds 2.0 FTEs is also increased by 3.0%, from \$128,200 to \$132,100.

**D. ECONOMIC ADJUSTMENTS**

Gross	564,300
IDG	82,500
Restricted	(27,200)
GF/GP	509,000

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$244,400	\$189,100
Insurance	119,700	119,700
Retirement (defined benefit)	124,100	124,100
Retirement (defined contribution)	76,100	76,100
Total	\$564,300	\$509,000

**LEGISLATURE**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	N/A	N/A	N/A	N/A
<b>GROSS .....</b>	<b>103,153,500</b>	<b>106,337,900</b>	<b>3,184,400</b>	<b>3.1</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>103,153,500</b>	<b>106,337,900</b>	<b>3,184,400</b>	<b>3.1</b>
Less:				
Federal Funds .....	0	0	0	0.0
Local and Private .....	400,000	400,000	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>102,753,500</b>	<b>105,937,900</b>	<b>3,184,400</b>	<b>3.1</b>
Less:				
Other State Restricted Funds .....	1,041,800	1,041,800	0	0.0
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>101,711,700</b>	<b>104,896,100</b>	<b>3,184,400</b>	<b>3.1</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. HOUSE OFFICE BUILDING ADJUSTMENTS**

Gross	326,100
GF/GP	326,100

The Governor's budget provides additional funding for the House Office Building related to maintenance, utilities, and lease costs.

**B. VICTOR OFFICE CENTER RENT ADJUSTMENT**

Gross	(12,200)
GF/GP	(12,200)

Rent charges related to the Victor Office Center are reduced based on a new blended rate for State occupancy.

**C. STATE OFFICERS COMPENSATION COMMISSION (SOCC) DETERMINATIONS**

Gross	265,400
GF/GP	265,400

The Governor's recommendation includes \$67,100 for costs associated with SOCC determinations for the last quarter of 2000. The budget also includes \$198,300 for the estimated impact of SOCC future determinations related to 2001.

**D. OTHER ISSUES**

Gross	88,400
GF/GP	88,400

The budget includes an additional \$69,300 for House ADP costs, \$6,800 related to Farnum Building utilities, and \$12,300 for national association dues.

**E. ECONOMIC ADJUSTMENTS**

Gross	2,516,700
GF/GP	2,516,700

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$958,500	\$958,500
Insurance	722,800	722,800
Retirement (defined benefit)	482,400	482,400
Retirement (defined contribution)	353,000	353,000
Total	\$2,516,700	\$2,516,700

**LIBRARY OF MICHIGAN**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	0.0	0.0	0.0	0.0
<b>GROSS .....</b>	<b>38,977,400</b>	<b>39,434,200</b>	<b>456,800</b>	<b>1.2</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>38,977,400</b>	<b>39,434,200</b>	<b>456,800</b>	<b>1.2</b>
Less:				
Federal Funds .....	4,557,400	4,557,400	0	0.0
Local and Private .....	75,000	75,000	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>34,345,000</b>	<b>34,801,800</b>	<b>456,800</b>	<b>1.3</b>
Less:				
Other State Restricted Funds .....	86,900	86,900	0	0.0
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>34,258,100</b>	<b>34,714,900</b>	<b>456,800</b>	<b>1.3</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>21,661,000</b>	<b>21,783,200</b>	<b>122,200</b>	<b>0.6</b>



**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. SUBREGIONAL STATE AID**

Gross 50,000  
GF/GP 50,000

The Governor's recommendation increases Subregional State Aid from \$554,300 to \$604,300. The funding is used to support 12 libraries that provide materials to the blind and physically handicapped.

**B. BOOK DISTRIBUTION CENTERS**

Gross 18,500  
GF/GP 18,500

The budget increases funding for two book distribution centers from \$313,500 to \$332,000. The centers are 501c(3) organizations that obtain donations of publications and distribute the materials to child care centers, shelters, literacy programs, hospitals, nursing homes, and other groups.

**C. OTHER ISSUES**

Gross 94,100  
GF/GP 94,100

The budget increases Library Automation from \$728,400 to \$750,300 and funding for renaissance zone reimbursement (pursuant to Public Act 376 of 1996) from \$428,800 to \$501,000.

**D. ECONOMIC ADJUSTMENTS**

Gross 294,200  
GF/GP 294,200

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$112,000	\$112,000
Insurance	81,800	81,800
Retirement (defined benefit)	50,800	50,800
Retirement (defined contribution)	49,600	49,600
Total	\$294,200	\$294,200

**DEPARTMENT OF MANAGEMENT AND BUDGET**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	944.0	961.5	17.5	1.9
<b>GROSS .....</b>	<b>137,949,600</b>	<b>163,529,800</b>	<b>25,580,200</b>	<b>18.5</b>
Less:				
Interdepartmental Grants Received .....	52,476,200	72,113,300	19,637,100	37.4
<b>ADJUSTED GROSS .....</b>	<b>85,473,400</b>	<b>91,416,500</b>	<b>5,943,100</b>	<b>7.0</b>
Less:				
Federal Funds .....	536,400	550,500	14,100	2.6
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>84,937,000</b>	<b>90,866,000</b>	<b>5,929,000</b>	<b>7.0</b>
Less:				
Other State Restricted Funds .....	39,639,000	43,905,200	4,266,200	10.8
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>45,298,000</b>	<b>46,960,800</b>	<b>1,662,800</b>	<b>3.7</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. RENT AND OPERATIONAL COSTS ADJUSTMENT**

The Governor recommends a major change in government office space arrangements and a change in the way the State pays rent on leases. According to the Department, the reason for these moves is to improve functionality among State departments. 1) *Detroit Area*: In FY 2000-01, agencies will move from the Labor and Plaza Buildings to the General Motors Building. These moves are intended to avoid costly capital improvements to the Labor and Plaza Buildings, and will eliminate multiple building administrative functions. 2) *Tri-County Lansing Area*: This year, consolidation efforts among departments will begin and improvements in facility infrastructure will be made. 3) *Grand Rapids*: To consolidate office space spread over 10 locations in the Grand Rapids area, the State will lease a single office facility to house several State agencies. In a change from current practice, the Department of Management and Budget will assume responsibility for paying rent on leases of private buildings used by State agencies. Currently, each agency is responsible for paying rent on the buildings it uses. The increase shown reflects this change in procedure. Each agency or department will pay the Department of Management and Budget in the form of an interdepartmental grant.

Gross	16,929,200
IDG	16,929,200
GF/GP	0

**B. STATE POLICE LAB**

During late summer of 2000, the State Police Lab at the Secondary Complex will open. It will be maintained by the Department of Management and Budget. The Governor requests an increase in Building and Occupancy Charges for maintenance and operation of the building.

Gross	1,547,300
IDG	1,547,300
GF/GP	0

**C. ELECTRONIC RECORDS MANAGEMENT**

The Governor's recommendation includes an increase to improve the Records and Forms Management program. Funds will be used to improve technology for managing the Records Center, as well as to review, implement, and maintain prevailing information technology standards.

Gross	116,900
GF/GP	116,900

**D. JUDGE'S RETIREMENT SYSTEM ONGOING ADMINISTRATIVE COSTS**

The Governor's recommendation includes an increase for the Office of Retirement Services for costs associated with implementing changes to the Judges' Retirement System. Funds will be used for legal and administrative costs.

Gross	510,000
Restricted	510,000
GF/GP	0

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**E. HEALTH INSURANCE RESERVE FUND PAYMENT**

Gross	412,200
GF/GP	412,200

This increase reflects the actuarial savings of the State due to the implementation of the Defined Contribution retirement plan. Beginning with FY 2000-01, this estimate will appear in the Department of Management and Budget section of the General Government bill.

**F. OTHER ISSUES**

Gross	(94,500)
IDG	474,900
Federal	14,100
Restricted	(217,400)
GF/GP	(386,100)

Other issues include adjustments for interdepartmental grants, restricted fund sources, and adjustments made due to the Statewide Cost Allocation Plan (SWCAP). The SWCAP is a mechanism by which the State identifies and allocates costs incurred for a joint purpose that benefits more than one program or function.

**G. PROGRAM TRANSFERS**

FTE	17.5
Gross	2,972,100
Restricted	2,774,800
GF/GP	197,300

The Governor's recommendation includes the transfer of administration for the Deferred Compensation program from the Department of Treasury. The transfer moves 17.5 FTEs.

**H. UNCLASSIFIED SALARIES**

Gross	32,900
GF/GP	32,900

The budget increases the line item that funds 6.0 unclassified positions by 6.4%, from \$515,700 to \$548,600.

**I. ECONOMIC ADJUSTMENTS**

Gross	3,154,100
IDG	665,700
Restricted	1,198,800
GF/GP	1,289,600

Standard economic adjustments are applied for salaries and wages, retirement, insurance, and workers' compensation, consistent with factors applied to all budgets. These adjustments include:

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

Item	Gross	GF/GP
Salaries	\$1,374,600	\$547,400
Insurance	614,000	235,500
Retirement	1,321,400	506,700
Workers Compensation	(155,900)	0
Total	\$3,154,100	\$1,289,600

**J. FY 1999-2000 SUPPLEMENTALS**

The Governor recommends a \$23,200,000 gross appropriation for the implementation of e-Michigan. This initiative will allow for the electronic delivery of State of Michigan services to citizens and the business community. Funding for this project will be used to purchase hardware and software necessary to develop and maintain the program. Further, integration technology also will be purchased so that the Department will be able to provide data and services from multiple State agency databases and platforms to users of e-Michigan.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	1,077.0	1,081.0	4.0	0.4
<b>GROSS .....</b>	<b>94,962,000</b>	<b>100,522,700</b>	<b>5,560,700</b>	<b>5.9</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>94,962,000</b>	<b>100,522,700</b>	<b>5,560,700</b>	<b>5.9</b>
Less:				
Federal Funds .....	32,477,400	35,952,600	3,475,200	10.7
Local and Private .....	375,000	375,000	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>62,109,600</b>	<b>64,195,100</b>	<b>2,085,500</b>	<b>3.4</b>
Less:				
Other State Restricted Funds .....	22,409,100	22,988,200	579,100	2.6
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>39,700,500</b>	<b>41,206,900</b>	<b>1,506,400</b>	<b>3.8</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>111,900</b>	<b>120,000</b>	<b>8,100</b>	<b>7.2</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. CHALLENGE PROGRAM**

Gross	163,300
GF/GP	163,300

The Governor recommends adjustments to the Challenge Program, a "boot camp" program designed for at-risk youth, to reflect changing GF/GP match requirements with Federal funds received. The proposed total FY 2000-01 budget for the program includes 4.0 FTEs and \$2,808,400.

**B. TRAINING SITES**

Gross	1,000,000
Federal	1,000,000
GF/GP	0

The Governor recommends an increase in the hiring of seasonal employees necessary for the operation of Camp Grayling and Alpena training sites due to an increase in the number of training dates anticipated for FY 2000-01.

**C. RESERVE COMPONENT AUTOMATION SYSTEM**

Gross	335,000
Federal	335,000
GF/GP	0

The Governor recommends the appropriation of additional Federal funds to continue the process of establishing the Reserve Component Automation System, a telecommunications system that links electronically all armories throughout the State and nation.

**D. STARBASE PROGRAM**

Gross	152,000
Federal	152,000
GF/GP	0

The Governor recommends an increase to the Federally funded Starbase Program, an educational program that provides school students with math and science experiences. The recommendation would expand the Mt. Clemens-based program into the City of Detroit.

**E. OTHER ISSUES**

Gross	692,800
Federal	837,000
Restricted	(44,100)
GF/GP	(100,100)

The Governor recommends technical spending adjustments, including an additional \$792,900 for the Grand Rapids Veterans Home (\$837,000 Federal in combination with a reduction of \$44,100 Restricted), a reduction of \$100,000 GF/GP for Headquarters and Armories, and an elimination of the token appropriation of \$100 for per diem payments that have been discontinued.

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**F. UNCLASSIFIED SALARIES**

Gross	28,000
GF/GP	28,000

The Governor recommends a 3% salary increase for unclassified military personnel, plus a 1.8% increase to equal the Federal guideline for State military pay, which called for a 4.8% increase.

**G. ECONOMIC ADJUSTMENTS**

Gross	3,380,900
Federal	1,321,400
Restricted	616,300
GF/GP	1,443,200

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. Economic adjustment totals include funds listed under adjustments for the Challenge Program and unclassified salaries.



**DEPARTMENT OF NATURAL RESOURCES**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	2,237.5	2,237.5	0.0	0.0
<b>GROSS .....</b>	<b>241,911,300</b>	<b>254,238,400</b>	<b>12,327,100</b>	<b>5.1</b>
Less:				
Interdepartmental Grants Received .....	4,643,100	3,679,400	(963,700)	(20.8)
<b>ADJUSTED GROSS .....</b>	<b>237,268,200</b>	<b>250,559,000</b>	<b>13,290,800</b>	<b>5.6</b>
Less:				
Federal Funds .....	22,268,200	24,649,100	2,380,900	10.7
Local and Private .....	1,698,600	1,728,900	30,300	1.8
<b>TOTAL STATE SPENDING .....</b>	<b>213,301,400</b>	<b>224,181,000</b>	<b>10,879,600</b>	<b>5.1</b>
Less:				
Other State Restricted Funds .....	161,806,400	168,457,100	6,650,700	4.1
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>51,495,000</b>	<b>55,723,900</b>	<b>4,228,900</b>	<b>8.2</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>21,985,100</b>	<b>23,868,700</b>	<b>1,883,600</b>	<b>8.6</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. FOREST DEVELOPMENT FUND**

The Governor's budget projects a shortfall in the Forest Development Fund, supported with revenue from the sale of State forest timber. To maintain support of the Department's Forest Resource Management Program, the budget offsets the projected loss of Forest Development Fund revenue with money from the State General Fund.

Gross	0
Restricted	(2,535,000)
GF/GP	2,535,000

**B. COOPERATIVE RESOURCE PROGRAM - TREE PLANTING**

The Governor proposes an enhancement to an ongoing program that supports, through the coordination of public agencies and private conservation groups, efforts in promoting more effective management of landscapes across the State. The new funding would support tree planting initiatives in urban and suburban areas.

Gross	540,000
GF/GP	540,000

**C. PROGRAM ELIMINATIONS**

The Governor eliminates a number of "one-time" General Fund appropriations, including \$250,000 for grants to communities for the cleanup of tax reverted properties; \$85,000 for a grant supporting the fourth year of a five-year study by Michigan State University on swimmer's itch; and a \$25,400 grant to the City of Centerline shooting range.

Gross	(360,400)
GF/GP	(360,400)

**D. LAKE LEVEL ASSESSMENTS**

Funding is included to cover the costs of local lake level assessments the Department might be ordered to pay in FY 2000-01.

Gross	200,000
GF/GP	200,000

**E. MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND**

The Governor proposes the use of money from the Michigan Civilian Conservation Corps Endowment Fund to employ young, unemployed, low income individuals to assist the Department's efforts in State park infrastructure maintenance.

Gross	1,000,000
Restricted	1,000,000
GF/GP	0

**F. GREAT LAKES ECOLOGICAL INFORMATION CENTERS**

Money from the Game and Fish Fund would support operating costs at the Great Lakes Ecological Information Centers, which are located at six fish hatcheries around the State.

Gross	1,000,000
Restricted	1,000,000
GF/GP	0

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**G. TRIBAL FISHING RIGHTS NEGOTIATIONS**

The proposed budget includes money from the Game and Fish Fund to support the costs associated with negotiating a new agreement on tribal fishing rights on State waters.

Gross	1,000,000
Restricted	1,000,000
GF/GP	0

**H. RECREATIONAL TRAILS**

A proposed increase in Federal funds for improving and developing recreational trails, nearly triples the \$550,000 current Federal appropriation for these efforts.

Gross	1,300,000
Federal	1,300,000
GF/GP	0

**I. FOREST FIRE PROTECTION**

The Governor's budget includes available Federal funds and State restricted revenue from aircraft fees to enhance forest fire protection efforts.

Gross	275,000
Federal	175,000
Restricted	100,000
GF/GP	0

**J. OFF-ROAD VEHICLE GRANTS**

Available fee revenue would be used to increase funding for local grants for off-road vehicle law enforcement efforts and off-road vehicle trail maintenance.

Gross	500,000
Restricted	500,000
GF/GP	0

**K. OTHER ISSUES**

Other changes proposed by the Governor include adjustments to reflect the availability of various Federal and State restricted sources of financing, statutorily-based inflationary adjustments in the State parks and stream habitat programs, and a technical adjustment eliminating an intradepartmental transfer for information systems support.

Gross	16,000
IDT	(1,058,500)
Federal	447,900
Restricted	565,000
GF/GP	61,600

**L. FEE INCREASES**

The Governor's budget includes appropriations from revenue from increased State forest user fees. The proposal is to increase the user fee for daily camping from \$6 to \$8, and to implement a new \$15 fee that would allow 15 consecutive days of camping on State forest land. Legislation apparently is not required to implement the proposed fees.

Gross	425,000
Restricted	425,000
GF/GP	0

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**M. UNCLASSIFIED SALARIES**

The Governor's budget includes a 13.8% increase for unclassified salaries, bringing total unclassified salary funding to \$461,900.

Gross	55,900
IDG	500
Restricted	48,100
GF/GP	7,300

**N. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	6,375,600
IDG	94,300
Federal	458,000
Private	30,300
Restricted	4,547,600
GF/GP	1,245,400

Item	Gross	GF/GP
Salaries and wages	\$2,694,100	\$487,200
Insurance	1,230,900	211,700
Retirement	2,204,700	396,900
Building occupancy and rent	150,100	133,100
Other	95,800	16,500
Total	\$6,375,600	\$1,245,400

**O. FY 1999-2000 SUPPLEMENTALS**

A \$2,400,000 GF/GP supplemental is proposed to bring the balance of the Nongame Fish and Wildlife Trust Fund to its statutory maximum of \$6,000,000. As a result, the income tax checkoff for this Fund would be eliminated in the 2000 tax year. This supplemental, if adopted, effectively reduces this source of revenue for the programs supported with the Fund, as the Department currently is able to use the earnings on the Fund, as well as 80% of the revenue generated annually by the tax checkoff (approximately \$600,000 per year) to support program activities.

**SCHOOL AID**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000	FY 2000-01	FY 2000-01	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
	YEAR-TO-DATE	YEAR-T0-DATE	GOV'S REC.	DOLLAR	PERCENT
FTE Positions .....	0.0	0.0	0.0	0.0	0.0
<b>GROSS .....</b>	<b>10,095,608,600</b>	<b>10,599,374,600</b>	<b>10,676,074,200</b>	<b>76,699,600</b>	<b>0.8</b>
Less:					
Interdepartmental Grants Received .....	0	0	0	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>10,095,608,600</b>	<b>10,599,374,600</b>	<b>10,676,074,200</b>	<b>76,699,600</b>	<b>0.8</b>
Less:					
Federal Funds .....	120,000,000	120,000,000	120,000,000	0	0.0
Local and Private .....	0	0	0	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>9,975,608,600</b>	<b>10,479,374,600</b>	<b>10,556,074,200</b>	<b>76,699,600</b>	<b>0.8</b>
Less:					
Other State Restricted Funds .....	9,554,995,100	10,058,761,100	10,135,460,700	76,699,600	0.8
<b>GENERAL FUND/GENERAL PURPOSE ...</b>	<b>420,613,500</b>	<b>420,613,500</b>	<b>420,613,500</b>	<b>0</b>	<b>0.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>9,949,321,400</b>	<b>10,432,211,700</b>	<b>10,506,751,300</b>	<b>74,539,600</b>	<b>0.7</b>

The School Aid budget for FY 2000-01 was originally enacted in Public Act 119 of 1999 as part of the second supplemental for FY 1999-2000 and the third supplemental for FY 1998-99. The FY 2000-01 Executive Recommendation includes supplemental items for both FY 1999-2000 and FY 2000-01 as well as first-time appropriations for FY 2001-02 and FY 2002-03. All of these recommendations are described below.

**A. FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS RECOMMENDED IN GOVERNOR'S FY 2000-01 BUDGET**

**1. Special Education**

Gross	(11,092,100)
Restricted	(11,092,100)

The Governor recommends a reduction in the Special Education appropriation due to actual costs' being lower than previously estimated. Estimates of special education costs were used to develop the budget in the previous year and the amounts necessary to comply with the *Durant* court ruling are actually lower than originally estimated.

**2. Foundation Allowance**

Gross	(89,032,000)
Restricted	(89,032,000)

The Governor proposes no changes in the basic foundation allowance for FY 1999-2000 as it remains at \$5,696 per pupil, an increase of \$234 from FY 1998-99. However, a reduction is proposed due to fewer pupils than anticipated and changes in property taxable values. There are 11,200 pupils fewer than originally estimated actually enrolled in Michigan public schools in FY 1999-2000; thus, a reduction in the appropriation is warranted.

**3. Payments to Hold Harmless Districts**

Gross	7,000,000
Restricted	7,000,000

The Governor recommends an increase in the appropriation to fully fund payments to hold harmless districts to ensure that they receive their full foundation allowance. The original appropriation was underestimated; therefore, additional funding is necessary to make the additional payments to hold harmless districts that, because of the limitation the of number of mills they may levy, are prevented from receiving their full foundation allowances without this additional payment.

		<b>Change from FY 1999-2000 Year-to-Date</b>
<b>4. Golden Apple MEAP Incentive Program</b>	Gross	8,000,000
	Restricted	8,000,000
<p>The Governor's recommendation appropriates \$8,000,000 for a proposed new program, the Golden Apple MEAP Incentive Program, to award grants of \$1,000 to all employees of a school building that shows the most improvement in its MEAP scores. The building itself will receive a \$10,000 grant. There are an estimated 169 buildings that will be eligible for the grants. Forty of the grants will be awarded to the 10 highest achieving buildings in each athletic class. Highest achieving is defined as those buildings with an 80% or more participation rate in the MEAP tests and with the highest combined scores in Math, Science, Reading, and Writing on the 1999 test. The remaining 129 grants will be awarded to those buildings that show the most improvement (defined as a 60-point or higher improvement in Math, Science, Reading, and Writing) over the most recent two years (1997-98 and 1998-99) and have a participation rate of at least 80%.</p>		
<b>5. Michigan TANF Summer Enrichment Program</b>	Gross	10,000,000
	GF/GP	10,000,000
<p>The Governor proposes new, one-time funding of \$10,000,000 for a program to be administered by the Family Independence Agency in conjunction with their Temporary Assistance for Needy Families (TANF) program. The program will provide educational and child care services for the children of needy families so that the parents can go out and work.</p>		
<b>6. Educational Performance and Information Center (EPIC)</b>	Gross	10,000,000
	Restricted	10,000,000
<p>The Governor appropriates \$10,000,000 for a proposed new program that will improve the quality and use of information and make that information available to parents. Through the EPIC, currently available school district data and reports will be collected and centrally organized to create a single, comprehensive database containing all school-related data. This information will be available online. The program will be conducted in partnership with Standard and Poor's.</p>		

**B. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS**

**1. New Funding Method**

N/A

The Governor's recommendation introduces the first year of a change to the new funding method for foundation allowance and special education payments in order to comply with the *Durant I* and *Durant II* court settlements to ensure that districts receive their guaranteed FY 1994-95 foundation allowance and their court-required special education payments. These payments will be calculated as they are currently; however, they will be paid out in three separate payments. First, the amount due a district will be calculated under the current method. Then, the first payment to a district will be an amount equal to its 1994-95 foundation allowance times all pupils (general education and special education pupils). The second payment will be the special education payment that will be equal to the requirements under the *Durant I* and *II* settlements (70% of special education transportation costs and 28% of special education costs). The third payment will be a payment to ensure that each district will receive the full amount of what it would have received under the current calculation that is not accounted for in the first or second payment. Because of the change in the payment methods, the result is a decrease in the appropriations for both the foundation allowance section and the special education section. These are described below.

**2. Foundation Allowance**

Gross	(8,906,496,200)
Restricted	(8,906,496,200)

The Governor's recommendation begins the first year of a three-year phase-in to bring all school districts up to a minimum foundation allowance of \$6,500 per pupil in FY 2002-03. The current increase of \$170 per pupil in the basic foundation allowance is increased an additional \$30 to a total of \$200 per pupil or a 3.5% increase over FY 1999-2000. The appropriation is reduced due to the new payment method and fewer pupils than anticipated. New estimates indicated that there will be 20,000 fewer pupils enrolled in Michigan public schools in FY 2000-01 than originally estimated.



		<b>Change from FY 2000-01 Year-to-Date</b>
<b>3. Proposal A Obligation Payment</b>	Gross	7,230,400,000
	Restricted	7,230,400,000
The Governor's recommendation creates a new line item to fund the first part of the new funding method to ensure that districts receive their FY 1994-95 foundation allowance. Payments will be based on a district's FY 1994-95 foundation allowance times the district's current-year general education and special education pupils.		
<b>4. Special Education</b>	Gross	(91,450,700)
	Restricted	(91,450,700)
The Governor again proposes a reduction in the appropriation due to the new payment method and fewer than estimated pupils. The revised special education appropriation will be used to make the payment for the second part of the new funding mechanism, the required <i>Durant</i> payment.		
<b>5. Discretionary Payment</b>	Gross	1,664,000,000
	Restricted	1,664,000,000
The Governor's recommendation creates a new line item to fund the third payment of the new funding method. The payment will be made to districts to ensure that they receive the full amount of funding calculated under the original funding method.		
<b>6. At-Risk</b>	Gross	20,198,600
	Restricted	20,198,600
The Governor proposes an increase in At-Risk funding to prevent a proration of this section and to comply with the \$30 per pupil increase in the FY 2000-01 basic foundation allowance as required by law. Total funding for At-Risk payments is increased to \$298,975,300, a 10.4% increase over FY 1999-2000.		
<b>7. School Readiness</b>	Gross	27,500,000
	Restricted	27,500,000
The Governor's recommendation increases funding by \$27,500,000. The first \$12,500,000 is appropriated so that the program can serve currently unserved preschool aged children. The remaining \$15,000,000 is provided to expand the current program to provide more full-day early childhood centers.		

		<b>Change from FY 2000-01 Year-to-Date</b>
<b>8. Adult Education</b>	Gross	20,000,000
	GF/GP	20,000,000
The Governor proposes the elimination of the current Adult Education program and instead increases funding by \$20,000,000 and creates a new program to be administered by the Department of Career Development. The new program is designed as a simplified approach for adult students to receive the services they need. Students may go to any Michigan Works! Service center or an affiliated service provider to receive counseling, skill level assessment, and referral to an adult learning provider.		
<b>9. Golden Apple</b>	Gross	8,000,000
	Restricted	8,000,000
The Governor maintains the Golden Apple program at the same funding level as in the previous fiscal year.		
<b>10. Teacher Technology Initiative</b>	Gross	55,000,000
	GF/GP	55,000,000
The Governor's recommendation provides a new appropriation of \$55,000,000 to provide \$1,200 for the purchase of a laptop computer for each of the State's 90,000 teachers. One-half of the teachers will get a computer in FY 2000-01 and the other half in FY 2001-02.		
<b>11. Elementary Summer School Program</b>	Gross	38,000,000
	Restricted	38,000,000
The Governor proposes a new program designed to provide a summer school opportunity for 2 <sup>nd</sup> , 3 <sup>rd</sup> , and 4 <sup>th</sup> graders who are below grade level in reading or math. This would be an optional program for the first two years for all; beginning in FY 2002-03 fourth graders below grade level in reading or math will be required to attend the summer school program.		
<b>12. Michigan Virtual High School</b>	Gross	15,000,000
	GF/GP	15,000,000
The Governor proposes funding to create a program that provides an opportunity to high school students on a State-wide basis to participate in advanced courses that otherwise might not be available to them through their local district. The courses will be provided via the Internet through the Michigan Virtual High School located at Michigan State University.		

**Change from  
FY 2000-01  
Year-to-Date**

**13. EPIC**

Gross	2,160,000
Restricted	2,160,000

The Governor maintains a reduced appropriation for the EPIC. The reduction in the appropriated amount is the result of the program's needing funding only to maintain the previously created database.

**14. Other**

Gross	(5,612,100)
Restricted	(5,612,100)

Other miscellaneous appropriations and reductions are recommended resulting in an overall reduction in appropriations.

**C. FY 2001-02 AND FY 2002-03 APPROPRIATIONS RECOMMENDED IN GOVERNOR'S FY 2000-01 BUDGET**

**1. Foundation Allowance (FY 2001-02)**

N/A

The Governor recommends the second year of the three-year phase-in of getting all districts to a minimum foundation allowance of \$6,500 by FY 2002-03. The basic foundation allowance is increased by 3.5% or \$207 to \$6,103 per pupil. Again, this amount is used only for calculation purposes to determine the amount a district will receive via the new funding mechanism.

**2. Foundation Allowance (FY 2002-03)**

N/A

The Governor recommends the third year of the three-year phase-in of getting all districts to a minimum foundation allowance of \$6,500 by FY 2002-03. The basic foundation allowance is increased by 3.5% or \$214 to \$6,317. However, an additional equity payment of up to \$183 per pupil is made to those districts that are below \$6,500 per pupil to get them to that level of foundation allowance. Again, this amount is used only for calculation purposes to determine the amount a district will receive via the new funding mechanism.

**3. Remaining Line Items**

The following table outlines the Governor's recommendations for the remaining line items for both FY 2001-02 and FY 2002-03, which are similar to the appropriations for the previous fiscal year.

Item	FY 2001-02 Governor's Recommendation	FY 2002-03 Governor's Recommendation	Source
Special Education	\$820,061,900	\$884,781,900	Restricted
Proposal A Obligation Payment	7,099,400,000	7,002,800,000	Restricted
Discretionary Payment	2,114,000,000	2,158,000,000	Restricted
At-Risk	309,439,400	320,269,800	Restricted
School Readiness	92,700,000	97,700,000	Restricted
Adult Education	100,000,000	100,000,000	GF/GP
Golden Apple	8,000,000	8,000,000	Restricted
Teacher Technology Initiative	55,000,000	0	GF/GP
Elementary Summer School Program	38,000,000	50,000,000	Restricted
Michigan Virtual High School	1,500,000	1,500,000	GF/GP
EPIC	2,332,000	2,519,000	GF/GP

**DEPARTMENT OF STATE**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	2,044.0	2,048.0	4.0	0.2
<b>GROSS .....</b>	<b>181,515,300</b>	<b>187,725,200</b>	<b>6,209,900</b>	<b>3.4</b>
Less:				
Interdepartmental Grants Received .....	56,830,800	55,668,000	(1,162,800)	(2.0)
<b>ADJUSTED GROSS .....</b>	<b>124,684,500</b>	<b>132,057,200</b>	<b>7,372,700</b>	<b>5.9</b>
Less:				
Federal Funds .....	3,112,100	2,704,700	(407,400)	(13.1)
Local and Private .....	500,100	501,600	1,500	0.3
<b>TOTAL STATE SPENDING .....</b>	<b>121,072,300</b>	<b>128,850,900</b>	<b>7,778,600</b>	<b>6.4</b>
Less:				
Other State Restricted Funds .....	60,983,300	64,344,500	3,361,200	5.5
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>60,089,000</b>	<b>64,506,400</b>	<b>4,417,400</b>	<b>7.4</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>69,800</b>	<b>69,800</b>	<b>0</b>	<b>0.0</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. SPECIALTY LICENSE PLATE PROGRAM**

The Governor recommends funding for the expansion of the Specialty Plate program. Under this program, citizens would have the opportunity to purchase a plate with a logo from their favorite public university or other charitable cause. Funds would be used for the development and creation of the plates, as well as for postage costs associated with the program.

Gross	2,000,000
IDG	2,000,000
GF/GP	0

**B. ELECTIONS ELECTRONIC DISCLOSURE**

The Governor's recommendation includes funding for the creation of a new Elections Electronic Disclosure System. The system would allow for more timely availability of campaign funds disclosure. Under this system, candidates for office will be able to file their campaign finance reports electronically.

Gross	750,000
GF/GP	750,000

**C. SOCIAL SECURITY NUMBER VERIFICATION**

Public Act 330 of 1998 was enacted in response to the Federal Illegal Immigration Reform and Immigration Responsibility Act of 1996. The Federal Act requires states to collect and verify Social Security numbers from all drivers and personal identification card applicants beginning on October 1, 2000. The Governor requests an appropriation for ongoing costs associated with this program. The Governor requests 1.0 FTE.

FTE	1.0
Gross	126,200
Federal	84,500
GF/GP	41,700

**D. INFORMATION TECHNOLOGY STUDY**

The Governor requests funds so that the Department can conduct a study and implement recommendations regarding information technology issues. According to the Department, the current information technology infrastructure limits its ability to support business processes which, in some cases, leads to duplication of efforts.

Gross	2,000,000
IDG	1,500,000
GF/GP	500,000

**E. MICHIGAN HISTORICAL PROGRAM**

The Governor requests funds to promote the Michigan Historical Museum system. According to the Department, this program will distribute educational materials in order to increase appreciation of Michigan history.

Gross	500,000
GF/GP	500,000

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

<b>F. QUALIFIED VOTER FILE (QVF) HELP DESK</b>	FTE	3.0
	Gross	208,400
	GF/GP	208,400
	The Governor's recommendation includes additional funding for ongoing administrative costs related to the QVF Help Desk. The Help Desk assists local voter jurisdictions in administration of the QVF and Election Law. The recommendation includes an additional 3.0 FTEs.	
<b>G. COMMEMORATIVE LICENSE PLATES – MTF LAPSE</b>	Gross	(6,500,000)
	IDG	(6,500,000)
	GF/GP	0
	The Governor's recommendation reflects a reduction in Michigan Transportation Fund (MTF) funding that supports the Commemorative License Plate program. The State is able to replace this funding source with revenue received from the sale of specialty plates.	
<b>H. OTHER ISSUES</b>	Gross	595,000
	IDG	373,200
	Federal	(565,000)
	Restricted	973,000
	GF/GP	(187,700)
	The Governor's recommendation includes other adjustments for restricted fund sources and other technical adjustments.	
<b>I. UNCLASSIFIED SALARIES</b>	Gross	13,300
	GF/GP	13,300
	The budget increases the line item that funds 6.0 FTE unclassified positions from \$444,500 to \$457,800. Economic adjustments for this line item amount to \$13,300, or a 3.0% increase over the FY 1999-2000 appropriation.	
<b>J. ECONOMIC ADJUSTMENTS</b>	Gross	6,517,000
	IDG	1,464,000
	Federal	73,100
	Restricted	2,388,200
	GF/GP	2,591,700
	Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.	

**FY 2000-01**  
**Change from**  
**FY 1999-2000**  
**Year-to-Date**

Item	Gross	GF/GP
Salaries	\$2,349,400	\$940,100
Insurance	1,263,800	465,900
Retirement	2,058,400	826,400
Workers Compensation	59,400	19,900
Building Occupancy	786,000	339,400
Total	\$6,517,000	\$2,591,700

**K. FY 1999-2000 SUPPLEMENTALS**

**1. Branch Office Computer Upgrades**

The Governor proposes a \$395,200 GF/GP supplemental appropriation in order to replace old computer systems in Secretary of State branch offices. This supplemental appropriation will enable the Department to complete this conversion process.

**2. Historical Program**

The Governor proposes a \$300,000 GF/GP supplemental appropriation in order to prepare artifact collections for public access. The Department will move some artifacts to a new storage facility during this process.



**DEPARTMENT OF STATE POLICE**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	3,591.0	3,600.0	9.0	0.3
<b>GROSS .....</b>	<b>368,850,300</b>	<b>398,599,100</b>	<b>29,748,800</b>	<b>8.1</b>
Less:				
Interdepartmental Grants Received .....	22,307,800	21,719,500	(588,300)	(2.6)
<b>ADJUSTED GROSS .....</b>	<b>346,542,500</b>	<b>376,879,600</b>	<b>30,337,100</b>	<b>8.8</b>
Less:				
Federal Funds .....	32,216,400	33,949,300	1,732,900	5.4
Local and Private .....	3,479,800	3,495,300	15,500	0.4
<b>TOTAL STATE SPENDING .....</b>	<b>310,846,300</b>	<b>339,435,000</b>	<b>28,588,700</b>	<b>9.2</b>
Less:				
Other State Restricted Funds .....	42,126,400	43,071,600	945,200	2.2
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>268,719,900</b>	<b>296,363,400</b>	<b>27,643,500</b>	<b>10.3</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>19,384,100</b>	<b>19,884,100</b>	<b>500,000</b>	<b>2.6</b>

**FY 2000-01  
Change from  
FY 1999-2000  
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**A. TROOPER SCHOOLS**

FTE	20.0
Gross	4,502,900
GF/GP	4,502,900

The Governor's Recommendation includes \$5,604,600 completion costs and full-year salaries (including step increases) of a 119<sup>th</sup> recruit school that is to begin in August 2000, and \$2,658,800 for the FY 2000-01 costs of a expansion recruit school slated to begin in July 2001, as well as a reduction in costs of \$3,760,500 to reflect savings due to trooper attrition.

**B. TROOPER STEP INCREASES FOR 114<sup>TH</sup> THROUGH 118<sup>TH</sup> SCHOOL GRADUATES**

Gross	257,100
GF/GP	257,100

The Governor's Recommendation includes a contractually mandated step increase of \$257,100 for the 114<sup>th</sup> trooper graduating class through the 118<sup>th</sup> class.

**C. FIRE FIGHTERS TRAINING COUNCIL**

Gross	500,000
GF/GP	500,000

The Governor's Recommendation includes an increase in support for training, testing, and certification of fire fighters in the State. The funds would include a minimum annual fire training allocation to each county, which would rise from \$3,000 to \$5,000.

**D. COMPUTER CRIME UNIT**

FTE	5.0
Gross	421,800
GF/GP	421,800

The Governor's Recommendation includes an increase in resources for the investigation of computer-related crimes. Proposed additions include 3.0 Detective Troopers (\$253,100) for the Criminal Investigation Division and 2.0 Information Technology Specialists for the Forensic Division. The recommended computer crimes unit for FY 2000-01 would be as follows.

Southeast Michigan Criminal Investigation Division

3 Detective Troopers

2 Information Technology Specialist

**E. CASINO GAMING OVERSIGHT**

FTE	(16.0)
Gross	(2,217,500)
Restricted	(2,217,500)
GF/GP	0

The Governor's Recommendation includes a reduction in casino gaming oversight activities by the Department due to the reduced oversight role needed as the Detroit casinos are up and running and background checks on ownership have been completed. The Governor's Recommendation for FY 2000-01 includes 42.0 FTEs and \$5,309,700 in casino gaming fees.

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**F. ENHANCED 9-1-1 EMERGENCY SERVICES**

The Governor's Recommendation includes a portion of the monthly charge for each mobile radio (cellular phone) connections to be used for priority 9-1-1 projects. These projects would be used to help provide enhanced 9-1-1 emergency services to cellular phones in the State. This expenditure is in accordance with Public Act 78 and 79 of 1999.

Gross	837,000
Restricted	837,000
GF/GP	0

**G. COMMUNICATIONS SYSTEM**

The Governor recommends the inclusion of funds to support additional personnel needed to ensure that contract specifications are met on the continued construction of the Michigan Public Safety communication system. Phases One and Two of the project's four phases are now completed, leaving Phase Three (Northern Lower Peninsula) to be completed in September 2000 and Phase Four (Upper Peninsula) slated for completion in summer 2002.

Gross	2,000,000
GF/GP	2,000,000

**H. MOTOR CARRIER ENFORCEMENT**

The Governor's Recommendation includes \$1,101,900 in Federal funds and \$140,700 in Motor Carrier Fees for enhanced safety inspection and enforcement activities designed to decrease fatal crashes involving commercial motor vehicles.

Gross	1,242,600
Restricted	140,700
Federal	1,101,900
GF/GP	0

**I. EMERGENCY MANAGEMENT**

The Governor's Recommendation includes additional GF/GP funds and a reduction in Federal funds for managing and coordinating response to emergencies and disasters due to a change in Federal/State cost-sharing requirements.

Gross	94,500
Federal	(435,900)
GF/GP	530,400

**J. FEDERAL FUNDS ADJUSTMENT**

The Governor recommends the reduction of \$475,000 in funds for the establishment of a sex offenders registry and \$189,100 for truck safety to reflect the completion of Federal grants.

Gross	(664,100)
Federal	(664,100)
GF/GP	0

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**K. OTHER ISSUES**

The Governor's Recommendation includes an increase in fleet leasing of \$500,900 GF/GP, \$14,500 from the Department of Corrections for Canine Searches, \$200,000 in additional fee revenue from both Central Records and Hazardous Materials Training Center fees, additional Federal funds in anticipation of grant money for Highway Traffic Safety (\$200,000), \$250,000 for Traffic Safety, and \$500,000 for Uniform Services.

Gross	1,865,400
IDG	14,500
Restricted	400,000
Federal	950,000
GF/GP	500,900

**L. UNCLASSIFIED SALARIES**

The Governor's recommendation includes no increase to the Department's unclassified salaries budget for FY 2000-01.

**M. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	20,909,100
Restricted	404,500
Local/Private	15,500
IDG/IDT	966,800
Federal	591,900
GF/GP	18,930,400

**FY 2000-01  
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FY 1999-2000  
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Item	Gross	GF/GP
Salaries, Wages, and Overtime	\$4,161,700	\$3,705,900
Emergency Response Compensation	758,000	675,000
Insurance	2,257,900	2,010,600
Civilian Retirement Defined Compensation	246,300	219,000
Civilian Retirement Defined Benefit	873,100	776,300
Enlisted Pension	9,754,600	8,686,200
Enlisted Terminal Leave	0	0
Workers' Compensation	416,000	416,000
Food	4,700	4,700
Medical Supplies	11,600	11,600
Building Occupancy	2,406,300	2,406,300
Rent	18,900	18,900
Total	\$20,909,100	\$18,930,500

**N. FY 1999-2000 SUPPLEMENTALS**

The Governor includes a proposal to provide \$3,100,000 for information technology that would be used to develop a new software records management system and to reduce duplicate data on existing record systems. The Governor also recommends \$837,000 for implementation of Public Acts 78 and 79 of 1999, establishing enhanced 9-1-1 service to cellular telephones in the State.

**STRATEGIC FUND AGENCY**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	241.0	235.0	(6.0)	(2.5)
<b>GROSS .....</b>	<b>168,917,100</b>	<b>169,082,800</b>	<b>165,700</b>	<b>0.1</b>
Less:				
Interdepartmental Grants Received .....	100,000	100,000	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>168,817,100</b>	<b>168,982,800</b>	<b>165,700</b>	<b>0.1</b>
Less:				
Federal Funds .....	53,203,200	52,673,200	(530,000)	(1.0)
Local and Private .....	656,700	656,700	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>114,957,200</b>	<b>115,652,900</b>	<b>695,700</b>	<b>0.6</b>
Less:				
Other State Restricted Funds .....	50,050,000	50,050,000	0	0.0
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>64,907,200</b>	<b>65,602,900</b>	<b>695,700</b>	<b>1.1</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>106,000,000</b>	<b>0</b>	<b>(106,000,000)</b>	<b>(100.0)</b>

**A. ECONOMIC DEVELOPMENT JOB TRAINING GRANTS BOILERPLATE**

The Governor recommends splitting this grant program into two separate programs, \$21,000,000 for training grants for new and existing employees, and \$10,000,000 for worker recruitment on behalf of companies. The later program will be available only as long as the unemployment rate is below 6% annually.

**B. PROGRAM TRANSFERS**

The Governor recommends transferring to the Department of Career Development the 6.0 FTE Employment Service Agency staff positions that were transferred over in E.O. 1999-1, which split the former Michigan Jobs Commission.

FTE	6.0
Gross	(530,000)
Federal	(530,000)
GF/GP	0

**C. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, and workers' compensation charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries and Wages	\$387,900	\$387,900
Insurance	163,900	163,900
Retirement	79,700	79,700
Other	65,100	65,100
Total	\$695,700	\$695,700

Gross	695,700
GF/GP	695,700

**D. TOBACCO SETTLEMENT**

The Governor recommends continuing the \$50,000,000 appropriation for the Health and Aging Research Development Initiative.

Gross	0
Restricted	0
GF/GP	0

**DEPARTMENT OF TRANSPORTATION**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	3,176.3	3,176.3	0.0	0.0
<b>GROSS .....</b>	<b>2,808,545,700</b>	<b>2,984,764,600</b>	<b>176,218,900</b>	<b>6.3</b>
Less:				
Interdepartmental Grants Received .....	10,459,500	10,459,500	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>2,798,086,200</b>	<b>2,974,305,100</b>	<b>176,218,900</b>	<b>6.3</b>
Less:				
Federal Funds .....	815,921,000	918,449,000	102,528,000	12.6
Local and Private .....	5,300,000	5,700,000	400,000	7.5
<b>TOTAL STATE SPENDING .....</b>	<b>1,976,865,200</b>	<b>2,050,156,100</b>	<b>73,290,900</b>	<b>3.7</b>
Less:				
Other State Restricted Funds .....	1,976,865,200	2,050,156,100	73,290,900	3.7
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>1,105,317,700</b>	<b>1,157,693,500</b>	<b>52,375,800</b>	<b>4.7</b>



**A. PUBLIC ACT 51 OF 1951**

While the distribution formula for Michigan Transportation Fund revenue sunsets on September 30, 2000, the Governor's recommendation for Transportation provides for line item funding based on the current formula contained in Public Act 51 of 1951. The Governor's Executive budget document lists the statutory distribution formula contained in Public Act 51 of 1951 as legislation necessary to implement the FY 2000-01 budget.

**B. DISTRIBUTION OF STATE REVENUE TO ROAD AUTHORITIES**

Gross	54,756,000
Restricted	54,756,000
GF/GP	0

The budget includes the following increases in State funding to road authorities:

State Trunkline	\$6,002,700
County Road Commissions	\$31,301,400
Cities and Villages	\$17,451,900

**C. FEDERAL AID INCREASES FOR ROAD AUTHORITIES**

Gross	80,009,000
Federal	80,009,000
GF/GP	0

The budget includes the following increases in Federal funding to road authorities:

State Trunkline	\$37,124,000
Local Road Authorities	\$34,726,000
Statewide Planning and Research	\$8,159,000

**D. FEDERAL INCREASES FOR PUBLIC TRANSPORTATION PROGRAMS**

Gross	24,554,000
Federal	24,554,000
GF/GP	0

Federal adjustments include \$23,700,000 for bus capital, \$2,154,000 for nonurban operating/capital, \$200,000 for terminal development, and a \$1,500,000 reduction related to freight assistance.

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**E. OTHER ISSUES**

Other adjustments include \$1,914,100 related to Federal match requirements for Statewide Planning Research, \$480,000 for estimated debt service requirements, \$8,072,600 in administrative savings and one-time cost adjustments, a transfer of the unreserved Comprehensive Transportation Fund (CTF) balance line item to local bus operating, \$2,794,000 for increased maintenance program allocations related to system expansion, signals and safety testing, \$1,787,500 for rest areas and roadside services, \$500,000 in interest revenue for the Critical Bridge Program, a \$1,000,000 Federal reduction based on a one-time project, a \$1,035,000 reduction/funding shift from Federal revenue in the program services line, and \$9,013,900 in other adjustments.

Gross	6,381,900
Federal	(2,035,000)
Local	400,000
Restricted	8,016,800
GF/GP	0

**F. UNCLASSIFIED SALARIES**

The Governor's recommendation includes funding for a 7.4% increase to the line item that funds 6.0 unclassified salaries, from \$476,500 to \$511,600.

Gross	35,100
Restricted	35,100
GF/GP	0

**G. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	10,482,900
Restricted	10,482,900
GF/GP	0

Item	Gross	GF/GP
Salaries	\$4,339,300	\$0
Insurance	1,996,700	0
Retirement (defined benefit)	3,080,000	0
Retirement (defined contribution)	713,500	0
Other	353,400	0
Total	\$10,482,900	\$0

**H. FY 1999-2000 SUPPLEMENTALS**

The January 27, 2000, FY 1999-2000 supplemental recommendation includes \$29,700,000 for the Department of Transportation. Of that amount, \$29,100,000 (\$23,700,000 Federal/\$5,400,000 Restricted) is for bus capital. Funds are used to purchase buses for local transit systems and also support construction of facilities. The remaining \$600,000 will be used for freight preservation and development projects.

**DEPARTMENT OF TREASURY - OPERATIONS**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	1,933.0	1,989.5	56.5	2.9
<b>GROSS .....</b>	<b>302,598,100</b>	<b>362,797,400</b>	<b>60,199,300</b>	<b>19.9</b>
Less:				
Interdepartmental Grants Received .....	8,810,600	9,178,400	367,800	4.2
<b>ADJUSTED GROSS .....</b>	<b>293,787,500</b>	<b>353,619,000</b>	<b>59,831,500</b>	<b>20.4</b>
Less:				
Federal Funds .....	39,800,000	33,800,000	(6,000,000)	(15.1)
Local and Private .....	2,247,200	1,181,300	(1,065,900)	(47.4)
<b>TOTAL STATE SPENDING .....</b>	<b>251,740,300</b>	<b>318,637,700</b>	<b>66,897,400</b>	<b>26.6</b>
Less:				
Other State Restricted Funds .....	188,441,900	248,402,500	59,960,600	31.8
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>63,298,400</b>	<b>70,235,200</b>	<b>6,936,800</b>	<b>0.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>81,098,900</b>	<b>92,256,300</b>	<b>11,157,400</b>	<b>13.8</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. MULTI-STATE SALES/USE TAX INITIATIVE**

The Governor's recommendation includes funding and 3.0 FTEs for a multistate cooperative initiative to develop software that would better enable "remote sellers" to collect sales taxes. Examples of "remote sellers" are Internet sellers and out-of-state businesses. The system would be voluntary.

FTE	3.0
Gross	1,800,000
GF/GP	1,800,000

**B. CIGARETTE STAMP TAX PROGRAM**

The Governor's recommendation includes funding and 5.0 FTEs for ongoing costs associated with the cigarette stamp program. According to the Department of Treasury, the program adds an estimated \$28,000,000 annually to the School Aid Fund.

FTE	5.0
Gross	1,100,000
GF/GP	1,100,000

**C. EMERGENCY TELEPHONE FUND**

The Governor recommends funding for ongoing costs associated with the program. Please refer to Item N.2., below.

Gross	16,000,000
Restricted	16,000,000
GF/GP	0

**D. CASINO GAMING OPERATIONS**

The Governor requests line item funding and 34.0 FTEs for full-year costs of oversight and control of the casino gaming operations. Of this amount, \$3,200,000 is allocated for additional administrative costs associated with the construction of permanent facilities.

FTE	34.0
Gross	5,623,500
Restricted	5,623,500
GF/GP	0

**E. CONVENTION FACILITY DEVELOPMENT FUND**

The Governor's budget proposes an increase in this line item. The grants are distributed to local units of government for use only for the purpose of acquiring, constructing, improving, enlarging, renewing, replacing, or leasing a convention facility, or in conjunction with these activities, repairing, furnishing, and equipping the convention facility. Fees collected from the accommodations tax and the 4% liquor excise tax are deposited into the fund.

Gross	4,000,000
Restricted	4,000,000
GF/GP	0

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**F. UNCLAIMED PROPERTY**

The Governor creates a line item for Unclaimed Property administration pursuant to Public Act 29 of 1995, as amended. The current fiscal year includes a boilerplate appropriation authorizing the receipt and expenditure of revenue for the purposes of carrying out this Act. The line includes 8.0 FTEs.

FTE	8.0
Gross	3,000,000
Restricted	3,000,000
GF/GP	0

**G. MI-CASHE PROGRAM DISCONTINUATION**

Under this program, the Department charged individuals who requested information from the State about financial aid opportunities for higher education. Due to low utilization, this program has been discontinued.

Gross	(357,400)
Restricted	(357,400)
GF/GP	0

**H. CITY INCOME TAX PROGRAM DISCONTINUATION**

Under this program, the Department of Treasury administered the collection of income taxes for cities in Michigan. Due to low utilization of the program, it has been discontinued. According to the Department, only the City of Albion used the program. This line is also reduced by 2.0 FTEs.

FTE	(2.0)
Gross	(197,000)
Restricted	(197,000)
GF/GP	0

**I. OTHER ISSUES**

Other issues include negative adjustments due to uncollected revenue from local units of government due to fewer services' being performed, negative adjustments to two U.S. Department of Education grants due to a low program utilization rate, and adjustments for interdepartmental grants and other restricted fund sources.

Gross	(5,986,800)
IDG	250,000
Local	(1,112,500)
Federal	(6,000,000)
Restricted	(913,200)
GF/GP	1,777,200

**J. PROGRAM TRANSFERS**

**1. MEAP Test Administration**

Executive Order 1999-12 transfers administration of the MEAP test program from the Department of Education to the Department of Treasury. The transfer includes 21.0 FTEs. The Governor proposes using proceeds from the settlement reached with the tobacco industry to fund administration costs.

FTE	21.0
Gross	14,628,400
Restricted	14,628,400
GF/GP	0

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**2. Tuition Incentive Program (TIP)**

The Governor's recommendation reflects a transfer of the Tuition Incentive Program (TIP) from the Family Independence Agency to the Department of Treasury. The transfer includes 5.0 FTEs. The Governor proposes using proceeds from the settlement reached with the tobacco industry to fund administration costs.

FTE	5.0
Gross	363,400
Restricted	363,400
GF/GP	0

**3. Deferred Compensation Program**

The Governor's Recommendation includes the transfer of administration for the Deferred Compensation program to the Department of Management and Budget. The transfer moves 17.5 FTEs.

FTE	(17.5)
Gross	(2,972,100)
Restricted	(2,774,800)
GF/GP	(197,300)

**K. UNCLASSIFIED SALARIES**

The budget increases the line item that funds 9.0 unclassified positions by 2.9%, from \$748,600 to \$770,400.

Gross	21,800
Restricted	6,700
GF/GP	15,100

**L. ECONOMIC ADJUSTMENTS**

Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.

Gross	6,475,500
IDG	117,800
Local	46,600
Restricted	3,881,000
GF/GP	2,441,800

Item	Gross	GF/GP
Salaries	\$2,386,100	\$803,300
Insurance	1,071,200	375,800
Retirement	2,097,900	737,600
Workers' Compensation	92,800	92,800
Building Occupancy	827,500	432,300
Total	\$6,475,500	\$2,441,800

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**M. TOBACCO SETTLEMENT**

Gross	16,700,000
Restricted	16,700,000
GF/GP	0

**Lt. Governor's Commission on Financing Post-Secondary Education**

The Governor's budget recommendation includes funding to implement proposals made by Lt. Governor Posthumus' Commission on Financing Post-Secondary Education. The recommendation includes funding for the administration of financial aid for the program. The Governor proposes using proceeds from the settlement reached with the tobacco industry to fund administration costs.

**N. FY 1999-2000 SUPPLEMENTALS**

**1. MEAP Test Questions Development**

Pursuant to Public Act 94 of 1999, the Department must release questions from the Michigan Educational Assessment Program (MEAP) tests to the general public. The Governor recommends a \$1,000,000 supplemental appropriation to initiate the development of new test questions. The Governor recommends using restricted revenue from the Michigan Merit Award Trust Fund.

**2. Emergency Telephone Fund**

Pursuant to Public Acts 78 through 81 of 1999, the Commercial Mobile Radio Service Emergency Telephone Fund was created within the Department of Treasury to fund a program to increase tracking capabilities of emergency calls placed on wireless or cellular phones. The Governor recommends a restricted fund of \$16,000,000 collected from mobile radio connection service fees. This supplemental appropriation is proposed for first-year costs of the program.



**DEPARTMENT OF TREASURY - DEBT SERVICE**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	N/A	N/A	N/A	N/A
<b>GROSS .....</b>	<b>94,117,500</b>	<b>91,570,500</b>	<b>(2,547,000)</b>	<b>(2.7)</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>94,117,500</b>	<b>91,570,500</b>	<b>(2,547,000)</b>	<b>(2.7)</b>
Less:				
Federal Funds .....	0	0	0	0.0
Local and Private .....	700,000	700,000	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>93,417,500</b>	<b>90,870,500</b>	<b>(2,547,000)</b>	<b>(2.7)</b>
Less:				
Other State Restricted Funds .....	0	0	0	0.0
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>93,417,500</b>	<b>90,870,500</b>	<b>(2,547,000)</b>	<b>0.0</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. DEBT SERVICE**

Gross	(2,547,000)
GF/GP	(2,547,000)

The Governor's budget includes a net decrease to reflect the anticipated debt service requirements for FY 2000-01. The Governor also includes a new \$9,959,700 line item for anticipated debt service requirements for the Clean Michigan Initiative.

**DEPARTMENT OF TREASURY - REVENUE SHARING**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 1999-2000 YEAR-TO-DATE	FY 2000-01 GOV'S REC.	CHANGES FROM FY 1999-2000 YEAR-TO-DATE	
			DOLLAR	PERCENT
FTE Positions .....	N/A	N/A	N/A	N/A
<b>GROSS .....</b>	<b>1,469,000,000</b>	<b>1,559,111,900</b>	<b>90,111,900</b>	<b>6.1</b>
Less:				
Interdepartmental Grants Received .....	0	0	0	0.0
<b>ADJUSTED GROSS .....</b>	<b>1,469,000,000</b>	<b>1,559,111,900</b>	<b>90,111,900</b>	<b>6.1</b>
Less:				
Federal Funds .....	0	0	0	0.0
Local and Private .....	0	0	0	0.0
<b>TOTAL STATE SPENDING .....</b>	<b>1,469,000,000</b>	<b>1,559,111,900</b>	<b>90,111,900</b>	<b>6.1</b>
Less:				
Other State Restricted Funds .....	1,462,500,000	1,559,111,900	96,611,900	6.6
<b>GENERAL FUND/GENERAL PURPOSE .....</b>	<b>6,500,000</b>	<b>0</b>	<b>(6,500,000)</b>	<b>(100.0)</b>
<b>PAYMENTS TO LOCALS .....</b>	<b>1,469,000,000</b>	<b>1,559,111,900</b>	<b>90,111,900</b>	<b>6.1</b>

**FY 2000-01  
Change from  
FY 1999-2000  
Year-to-Date**

**A. REVENUE SHARING PAYMENTS TO LOCAL GOVERNMENTS**

Gross	90,111,900
Restricted	96,611,900
GF/GP	(6,500,000)

The Governor recommends that restricted State revenue sharing payments in FY 2000-01 total \$1,559,111,900, which is an estimated increase of \$96,611,900 or 6.6% from the appropriated FY 1999-2000 level. Since this amount would be a limit on the total revenue sharing distributions, if actual sales tax revenue is greater than the consensus figure or produces a higher revenue sharing total than the appropriated amount, it would not be distributed. Language specifies that if additional constitutional revenue sharing payments need to be appropriated, then the statutory revenue sharing grants to cities, villages, and townships will be reduced by the increase in the constitutional portion.

Since the FY 2000-01 State revenue sharing payments will be based on the 2000 Federal Census figures, special census payments are not needed. Therefore, the Governor's proposal includes no General Fund/General Purpose revenue for special census payments

The Governor's proposal specifies that statutory revenue sharing grants must be considered as payment for any costs associated with compliance with Article 9, Section 29 of the Michigan Constitution of 1963, which pertains to unfunded mandates.

The Governor also recommends that if county treasurers do not comply with Section 151 of the State School Aid Act of 1979 (MCL 388.1751), then the statutory portion of their revenue sharing payments will not be made until the reporting requirements have been met. The information that county treasurers need to submit is a statement of the taxable value data for each district and fraction of each district within the county, as well as revisions for prior years.

Additionally, language in the General Government bill specifies that local units that receive revenue sharing funds and distribute property tax statements or income tax forms must not include the recipient's Social Security number on the external address.

The estimated and proposed revenue sharing payments by distribution type are summarized in Table 1. These figures are based on the January 2000 consensus estimates of State revenues, the Governor's recommendation, and appropriations for special census payments.

**Table 1**  
**STATE REVENUE SHARING PAYMENTS**  
**ESTIMATED FY 1999-2000 AND FY 2000-01 UNDER THE GOVERNOR'S PROPOSAL**  
**(Millions of Dollars)**

	FY 1999-2000 Enacted Estimate <sup>1)</sup>	FY 2000-01 Governor's Recommended Estimate <sup>1)</sup>	<u>Difference from FY 1999-2000</u>	
			Amount	Percent
<b>Sales Tax Constitutional:</b>				
Cities, Villages, Townships .....	\$614.1	\$644.3	\$30.2	4.9%
Constitutional Total .....	614.1	644.3	30.2	4.9
<b>Sales Tax Statutory:</b>				
Counties .....	214.3	229.2	14.9	7.0
Cities, Villages, Townships .....	634.1	685.6	51.5	8.1
Statutory Total .....	\$848.4	\$914.8	\$66.4	7.8%
Restricted Total .....	1,462.5	1,559.1	96.6	6.6
General Fund/General Purpose <sup>2)</sup> .....	6.5	0.0	(6.5)	(100.0)
<b>TOTAL .....</b>	<b>\$1,469.0</b>	<b>\$1,559.1</b>	<b>\$90.1</b>	<b>6.1%</b>

1) The estimated figures are upper bound limits; if actual revenue sharing payments are lower, then the distributions will be reduced. If actual constitutional revenue sharing payments are higher, then the statutory payments to cities, villages, and townships will be reduced by an equal amount.

2) General Fund/General Purpose amounts are for special census payments.



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## **ECONOMIC AND REVENUE FORECAST**

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## ***ECONOMIC AND REVENUE FORECAST***

### **Economic Forecast**

The Governor's proposed budget for FY 2000-01 assumes that both the U.S. and Michigan economies will continue to grow in 2000 and 2001, but at a slower pace than experienced in 1999. This economic forecast on which the budget is based, is the consensus forecast agreed upon by the Treasury Department, Senate Fiscal Agency, and House Fiscal Agency at the January 13, 2000, Consensus Revenue Estimating Conference.

In terms of the U.S. economy, real Gross Domestic Product (GDP) is forecast to grow 3.5% in 2000 and 3.2% in 2001, after increasing 3.9% in 1999. Consumer spending and business investment growth will both slow in 2000 and 2001 from their rapid rates of growth experienced during the past few years. Light motor vehicle sales are expected to be down from the 1999 record-breaking level of 16.7 million units, to 16.0 million units in 2000 and 15.9 million units in 2001, which are still historically high levels. Exports will continue to be a drag on economic activity, and real government spending is expected to increase 3.5% in 2000, due in large part to extra spending for the decennial census, and then decline 1.5% in 2001. The labor market will remain tight, but the unemployment rate is expected to hold steady in 2000 and 2001 at the 1999 level of 4.2%. The tight labor market, along with an anticipated increase in commodity prices, will boost the rate of inflation to just under 3.0% in both 2000 and 2001, from a 2.2% inflation rate in 1999. To help keep inflation and inflationary expectations down, the Federal Reserve is expected to increase the Federal Funds rate 50 basis points in 2000 and 25 basis points in 2001.

Michigan's economic activity is also expected to continue to expand in 2000 and 2001, but at a more moderate pace than experienced in 1999. Much of this slower growth can be attributed to the tight labor market. Wage and salary employment is forecast to increase 65,000 jobs, or 1.4%, in 2000 and then increase another 53,000 jobs, or 1.1%, in 2001. This growth in jobs will reduce the unemployment rate to an estimated 3.4% in 2000, from 3.6% in 1999. In 2001, the jobless rate is expected to remain at 3.4%. This growth in the labor market will help boost personal income 4.8% in 2000 and 4.6% in 2001. Inflation, as measured by the Detroit Consumer Price Index, is expected to increase to 3.0% in 2000, from 2.6% in 1999, and then edge up to 3.2% in 2001.

### **Revenue Estimates**

Revenues totaling an estimated \$36.7 billion will be available in FY 2000-01 to support Governor Engler's proposed budget. This represents a 2.7% increase from the revised revenue estimates for FY 1999-2000. These total State government revenues include revenue from such sources as taxes, fees, interest, licenses and permits, penalties, fines, Federal aid, payments from local governments, and carryover balances. Table 1 presents the overall State budget revenue estimates for FY 1999-2000 and FY 2000-01, broken down by major fund.

Two of the major funds in the overall State budget are the General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) budgets. These two funds will account for an estimated \$20.8 billion in revenue in FY 2000-01, including beginning carryover balances and excluding interfund transfers. A breakdown of the GF/GP and SAF revenue estimates for FY 1999-2000 and FY 2000-01, is presented in Table 2. These GF/GP and SAF revenue estimate are the consensus estimates adopted by the Engler Administration, Senate Fiscal Agency, and House Fiscal Agency at the January 13, 2000, Consensus Revenue Estimating Conference. These estimates include baseline revenue, which is the revenue that would be realized with no changes in the tax structure, the fiscal impact of enacted tax cuts and nonbaseline revenue adjustments, grants and transfers, Federal aid, and beginning carryover balances.

In addition, the Governor has proposed several new tax reductions that would reduce GF/GP and SAF revenue. These proposed tax cuts would reduce the income, single business and State education property taxes by an estimated \$194 million in FY 1999-2000 and \$143 million in FY 2000-01. The major new tax reduction proposed by the Governor is to accelerate by one year the income tax rate cut from 4.3% to 4.2% currently scheduled to occur January 1, 2001. A listing of all the Governor's proposed tax reductions, along with their estimated fiscal impacts, is contained in Tables 16 and 17, presented earlier in this report. Below is a summary of the GF/GP and SAF revenue estimates for FY 2000-01.

**General Fund/General Purpose Revenue.** Baseline GF/GP revenue is expected to total \$10.35 billion, which is an increase of 4.3% from the FY 1999-2000 estimate. Tax cuts that have already been enacted into law will reduce GF/GP baseline revenue an estimated \$611 million. Most of this reduction in revenue is due to the enacted multiyear cuts in the income and single business tax rates, which are both scheduled to be reduced another 0.1 percentage point on January 1, 2001. In addition, the Governor has proposed additional tax cuts for FY 2000-01, which would reduce GF/GP revenue by a net \$129 million. (See Table 17.) The Governor has also proposed that some Federal funds be used to pay property tax credits claimed by certain low income individuals, which would in effect increase GF/GP revenue an estimated \$27 million. The other major source of GF/GP revenue in FY 2000-01 is an anticipated \$131 million beginning carryover balance from FY 1999-2000. As a result, total GF/GP revenue will total an estimated \$9.77 billion, which is up 2.5% from the FY 1999-2000 estimate. Excluding the beginning balance, revenues will be up an estimated 1.2%.

**School Aid Fund.** The baseline consensus estimate for the tax and lottery revenue earmarked to the SAF is \$10.08 billion in FY 2000-01, which represents an increase of 3.7% from the FY 1999-2000 estimate. Enacted tax changes will increase this baseline revenue by a net \$52 million as revenue from the new casino wagering tax will more than offset several small tax cuts. The Governor is also proposing that the value of agricultural property be based on its current use and not on its market value, and this would reduce State education property tax revenue, which is earmarked to the SAF, an estimated \$12 million. In addition to the earmarked tax and lottery revenue, the SAF will receive revenue from various other sources including a \$420.6 million grant from the General Fund, \$120 million in Federal aid, and a \$32 million transfer from the Budget Stabilization Fund to help finance the Durant court case payments to school districts. The baseline SAF revenue and tax cuts, together with these other revenue items and an anticipated carryover balance from FY 1999-2000 of \$811 million, result in a total SAF revenue estimate of \$11.5 billion for FY 2000-01, which is up 5.4% from total SAF revenue estimated in FY 1999-2000. Excluding the beginning balance, SAF revenue will be up an estimated 3.4% in FY 2000-01.

<b>Table 1</b> <b>PROJECTED TOTAL STATE REVENUES: FY 1999-2000 AND FY 2000-01<sup>a)</sup></b> <b>GOVERNOR'S EXECUTIVE BUDGET</b> <b>(dollars in millions)</b>					
<b>Fund Source</b>	<b>FY 1998-99 Preliminary Final</b>	<b>FY 1999-2000 Estimated</b>	<b>% Change FY 1999-2000/ FY 1998-99</b>	<b>FY 2000-01 Estimated</b>	<b>% Change FY 2000-01/ FY 1999-2000</b>
<u>General Fund/General Purpose:</u>					
Baseline .....	\$9,686.1	\$9,924.7	2.5%	\$10,350.7	4.3%
Other Nonbaseline .....	0.0	23.3	—	0.0	(100.0)
Enacted Tax Cuts & Adjustments .....	(110.0)	(253.3)	130.3	(610.7)	141.1
Proposed Tax & Rev Changes .....	0.0	(167.2)	—	(102.1)	(38.9)
Total GF/GP Revenue .....	\$9,576.1	\$9,527.5	(0.5)%	\$9,637.9	1.2%
<u>School Aid Fund:</u>					
Baseline - Earmarked Revenue .....	9,314.3	9,715.2	4.3	10,077.7	3.7
Other Revenue .....	639.8	572.6	(10.5)	572.6	0.0
Enacted Tax Cuts & Adjustments .....	(4.5)	45.7	—	52.2	14.2
Proposed Tax & Rev Changes .....	0.0	0.0	—	(14.0)	—
Total SAF Revenue .....	\$9,949.6	\$10,333.5	3.9%	\$10,688.5	3.4%
<u>Other Funds:</u>					
General Fund/Special Purpose .....	10,709.1	11,385.3	6.3	11,429.7	0.4
Transportation Funds .....	3,569.6	3,894.3	9.1	4,070.9	4.5
Other Special Revenue Funds .....	579.7	911.8	57.3	816.5	(10.5)
Beginning Balances & Other .....	876.9	1,210.4	38.0	1,595.6	31.8
Gross Revenue .....	\$35,261.0	\$37,262.8	5.7%	\$38,239.1	2.6%
Less Interfund Transfers .....	(1,702.1)	(1,523.3)	(10.5)	(1,544.9)	1.4
Net Revenue .....	\$33,558.9	\$35,739.5	6.5%	\$36,694.2	2.7%
a) Total revenues including baseline revenues, one-time revenues, enacted tax changes and revenue adjustments, proposed tax changes and revenue adjustments, and carryover fund balances.					

<p align="center"><b>Table 2</b>  <b>GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES</b>  <b>FY 1999-2000 AND FY 2000-01</b>  <b>(millions of dollars)</b></p>			
	<b>FY 1999-2000</b>	<b>FY 2000-01</b>	<b>Percent Change</b>
<b>GENERAL FUND/GENERAL PURPOSE</b>			
Beginning Balance .....	\$0.0	\$131.3	—%
<u>Baseline Consensus Revenue:</u>			
Taxes:			
Net Income Tax .....	5,316.6	5,589.3	5.1
Single Business Tax .....	2,397.0	2,474.8	3.2
Sales .....	115.8	113.4	(2.1)
Use .....	927.1	980.0	5.7
Cigarette .....	149.0	146.7	(1.5)
Insurance Company Premiums .....	213.0	220.0	3.3
Telephone & Telegraph .....	154.0	158.0	2.6
Estate .....	195.0	208.8	7.1
All Other Taxes .....	171.2	171.7	0.3
Subtotal Taxes .....	\$9,638.7	\$10,062.7	4.4%
Nontax Revenue .....	286.0	288.0	0.7
Subtotal Baseline Consensus Revenue .....	\$9,924.7	\$10,350.7	4.3%
Net Enacted Tax Changes .....	(253.3)	(610.7)	141.1
Governor's Proposed Tax & Revenue Changes .....	(167.2)	(102.1)	(38.9)
Other Non-baseline Revenue .....	23.3	0.0	(100.0)
Total Current Period GF/GP Revenue .....	\$9,527.5	\$9,637.9	1.2%
<b>TOTAL GF/GP REVENUE W/ BEGINNING BALANCE</b>	<b>\$9,527.5</b>	<b>\$9,769.2</b>	<b>2.5%</b>
<b>SCHOOL AID FUND</b>			
Beginning Balance .....	\$572.8	\$811.0	41.6
<u>Baseline Consensus Revenue:</u>			
Sales Tax & Use Tax .....	4,967.3	5,180.1	4.3
Income Tax .....	1,956.2	2,051.6	4.9
State Education Property Tax .....	1,350.0	1,410.0	4.4
Real Estate Transfer Tax .....	264.0	260.0	(1.5)
Other Tax Revenue .....	561.6	556.0	(1.0)
Subtotal Taxes .....	9,099.1	9,457.7	3.9
Lottery .....	616.0	620.0	0.6
Subtotal Baseline Consensus Revenue .....	9,715.1	10,077.7	3.7
GF/GP Grant, Fed Aid, & Other .....	572.6	572.6	0.0
Net Enacted Tax Changes .....	45.7	52.2	14.2
Governor's Proposed Tax & Revenue Changes .....	0.0	(14.0)	—
Total Current Period SAF Revenue .....	\$10,333.4	\$10,688.5	3.4%
<b>TOTAL SAF REVENUE W/ BEGINNING BALANCE</b>	<b>\$10,906.2</b>	<b>\$11,499.5</b>	<b>5.4%</b>
<b>TOTAL GF/GP AND SAF BASELINE CONSENSUS REVENUE</b>	<b>\$19,639.8</b>	<b>\$20,428.4</b>	<b>4.0%</b>





## RECENT SENATE FISCAL AGENCY REPORTS

"STATE JUVENILE DELINQUENCY BLOCK GRANT: Shifting From State Service Supervision To County Service Responsibility"		"BUDGET STATUS REPORT - ISSUE 1999-2 ECONOMIC, REVENUE, AND YEAR-END BALANCE ESTIMATES"		"COMMUNITY CORRECTIONS FUNDING"	
by Constance A. Cole		December, 1999		by Karen Firestone	
January, 2000				October, 1999	
		"AN ANALYSIS OF THE KIDS FIRST! YES! INITIATIVE PETITION"		"REVISED ECONOMIC FORECAST, REVENUE, AND YEAR-END BALANCE ESTIMATES - FY 1998-99 and FY 1999-2000"	
"1999 STATISTICAL REPORT"		by Kathryn Summers-Coty		September, 1999	
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December, 1999		by Suzanne Lowe		by Eric Limbs	
		October, 1999		August, 1999	

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RECURRING SENATE FISCAL AGENCY REPORTS	
Analysis of the Governor's Major Budget Recommendations	Produced Annually
Appropriations Report	Produced Annually
Estimated State Spending by County	Produced Annually
Fiscal Digest	Produced Annually
Status of Lawsuits Against the State	Produced Annually
Higher Education Appropriations Report	Produced Annually
Michigan Public University Enrollment Patterns	Produced Annually
Statistical Report	Produced Annually
Economic Revenue and Budget Forecast	Produced Twice a Year
Monthly Revenue Report	Produced Monthly
Michigan Economic Indicators	Produced Monthly
Notes on the Budget and Economy	Produced 6 Times a Year
Quarterly Lottery Report	Produced Quarterly
U.S. and Michigan Motor Vehicle Statistical Report	Produced Annually